



















# A HISTORY OF PUBLIC PERMA- NENT COMMON SCHOOL FUNDS IN THE UNITED STATES, 1795-1905

BY

FLETCHER HARPER SWIFT, PH. D. (Columbia)

*Professor of Education, University of Minnesota*



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## PREFACE

The existence to-day of public schools in most of our states may be said to be due directly, though of course by no means solely, to vast endowment funds provided by previous generations. In view of the part these funds have played in nearly every state, it is surprising that they have received so little attention from historians. The two most widely known histories of education in the United States, Boone's and Dexter's, give almost no information regarding them. Boone limits his discussion to about seven pages and Dexter, his to two pages.

State histories of education are equally disappointing to one seeking information upon this topic. Wickersham's *History of Education in Pennsylvania*, one of the largest and most comprehensive of state histories of education, contains no organized statement regarding the common school fund of Pennsylvania established in 1831. References to the fund are made here and there, but more space is given to describing the domestic surroundings of various prominent schoolmen than is given to this fund. It is not included in the index, a fact which further emphasizes the small place it occupies in the work. No doubt one of the causes for the silence of the historians is the difficulty of securing reliable information respecting the public permanent common school funds. This difficulty is discussed somewhat fully in Chapter One. The present volume is the first attempt to give a comprehensive account of these funds and their influence. Part One, designed for the general reader, is devoted to a broad survey of the origin, management, loss, and effects of the public permanent common school funds. Part Two is designed primarily for reference. It contains a summary of the origin, condition in the year 1905, and administration of the public permanent common

school fund or funds of each state and territory, arranged according to the alphabetical order of states.

The present work was begun in 1902. No effort has been spared to make it accurate. The original documents have been consulted in every case where possible. Furthermore, every account in Part Two save that of Pennsylvania has been submitted to the state superintendent of public instruction or some other state official for reading and criticism. In some cases the help given has been most valuable. During the six years occupied in completing this work correspondence has been carried on with officials in every state. It was hoped in the beginning that this correspondence and the data returned with it might be added as an appendix, but this has proved impracticable. Into an account as comprehensive as this some errors will almost inevitably creep, and the author will be most grateful to anyone who will call his attention to such. No one can be more aware than the author of the importance of certain topics omitted. Several topics which it was designed to include have been excluded, owing to the limits of space set by considerations respecting publication.

It has proved necessary to omit from publication what was originally designed to be Part Three. This part contained a detailed account of the history of the funds in six typical states:—Connecticut, New York, Massachusetts, Maine, Florida, and Indiana. These accounts were most important as intensive studies to the student of American educational or economic history, and served as a basis for Part One. The more important Tables included in Part Three have been added in an Appendix.

To one who has attempted to gather data covering a large territory no explanation will be necessary as to why the accounts in Part Two are not brought down to the year 1910. Even the federal authorities are frequently unable to get data from states, and it is needless to say that the individual and obscure seeker after statistics encounters many greater difficulties. Certain states must be written to a dozen times before any response is received and then the data is incomplete and incorrect. The laws and regulations concerning the administration of the funds



in most states have changed little since 1905. To attempt to revise these individual accounts would be to postpone indefinitely the publication of a work already too long delayed. Moreover, any permanent value of such a work as this must lie chiefly in the account it gives of the origin and history of the funds, as data for any year would speedily pass out of date.

The foot-notes in each part are numbered continuously. Within the same series of foot-notes where the number of a foot-note is repeated, the foot-note itself is not.

The author wishes to express his most sincere thanks to Professor Paul Monroe and to Professor Edward L. Thorndike of Teachers College, Columbia University; to Professor Monroe who suggested the subject treated in the following pages and under whose guidance the beginning of this study was conducted; and to Professor Thorndike who, together with Professor Monroe, reviewed the manuscript and made many practical and valuable suggestions. To the superintendents of schools and other state officers from California to Maine most grateful acknowledgments are made for the courtesy, patience, and invaluable assistance they extended.

F. H. S.

UNIVERSITY OF MINNESOTA,  
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# CONTENTS

## PART I

### ORIGIN, MANAGEMENT, LOSS AND INFLUENCE OF PUBLIC PERMANENT COMMON SCHOOL FUNDS

CHAPTER	PAGE
I. INTRODUCTION. Permanent School Funds and the Rise of Free Schools. Present Condition and Importance of Permanent Funds . . . . .	3
II. EARLY SOURCES OF SCHOOL SUPPORT AND EVOLUTION OF PUBLIC PERMANENT SCHOOL FUNDS . . . . .	23
III. FEDERAL SOURCES OF PERMANENT COMMON SCHOOL FUNDS . . . . .	39
IV. STATE SOURCES OF SCHOOL FUNDS AND THE CREATION OF PERMANENT COMMON FUNDS . . . . .	81
V. MANAGEMENT OF PUBLIC PERMANENT COMMON SCHOOL FUNDS . . . . .	107
VI. LOSS OF PUBLIC PERMANENT COMMON SCHOOL FUNDS . . . . .	129
VII. PURPOSE AND EFFECTS OF PUBLIC PERMANENT COMMON SCHOOL FUNDS . . . . .	160

## PART II

### PUBLIC PERMANENT COMMON SCHOOL FUNDS AND LANDS IN THE STATES. A SUMMARY OF THE ORIGIN, PRESENT CONDITION, AND ADMINISTRATION OF THE FUND IN EACH STATE

VIII. ALABAMA. Sixteenth Section Fund. Valueless Sixteenth Section Fund. School Indemnity Land Fund. Surplus Revenue Fund . . . . .	207
IX. ALASKA . . . . .	213
X. ARIZONA . . . . .	214
XI. ARKANSAS. Common School Fund. Permanent School Fund. Sixteenth Section Fund. Surplus Revenue Fund . . . . .	216
XII. CALIFORNIA. State School Fund. Township Funds . . . . .	221
XIII. COLORADO. Public School Fund . . . . .	226
XIV. CONNECTICUT. School Fund. Town Deposit or Surplus Revenue Fund . . . . .	228
XV. DELAWARE. Public School Fund. Surplus Revenue Fund . . . . .	238
XVI. DISTRICT OF COLUMBIA. Lottery Fund . . . . .	242
XVII. FLORIDA. State School Fund. Township Funds . . . . .	243

	PAGE
XVIII. GEORGIA. Academy Fund. Free School Fund. Poor Fund. School Fund. Surplus Revenue Fund . . . . .	247
XIX. IDAHO. Public School Fund . . . . .	251
XX. ILLINOIS. Township Fund. School Fund Proper. Surplus Revenue Fund. The County School Fund . . . . .	254
XXI. INDIAN TERRITORY . . . . .	259
XXII. INDIANA. Bank Tax Fund. Common School Fund. Con- gressional Township Fund. County Seminary Fund. Delinquent Tax Fund. Saline Fund. Sinking Fund. Surplus Revenue Fund . . . . .	260
XXIII. IOWA. Permanent School Fund . . . . .	268
XXIV. KANSAS. State Permanent School Fund . . . . .	271
XXV. KENTUCKY. Common School Fund. Literary Fund. Surplus Revenue Fund . . . . .	275
XXVI. LOUISIANA. Free School Fund. Perpetual School Fund. Sur- plus Revenue Fund . . . . .	279
XXVII. MAINE. Permanent School Fund. School Taxation. Town, Ministerial and School Funds . . . . .	283
XXVIII. MARYLAND. Free School Fund. Surplus Revenue Fund . .	296
XXIX. MASSACHUSETTS. Massachusetts School Fund . . . . .	299
XXX. MICHIGAN. Primary School Fund. Swamp Land Fund . .	312
XXXI. MINNESOTA. Permanent School Fund. Swamp Land Fund.	316
XXXII. MISSOURI. County Public School Fund. Public School Fund . Special District Fund. Township School Fund . . . .	321
XXXIII. MISSISSIPPI. Chocktaw or Sixteenth Section Fund. Chick- asaw Fund . . . . .	325
XXXIV. MONTANA. Public School or State School Fund . . . . .	329
XXXV. NEBRASKA. Permanent School Fund . . . . .	332
XXXVI. NEVADA. State School Fund . . . . .	335
XXXVII. NEW HAMPSHIRE. Common School or Institute Fund. Lit- erary Fund. Surplus Revenue Fund . . . . .	338
XXXVIII. NEW JERSEY. The New Jersey Permanent School or State School Fund. Surplus Revenue Fund . . . . .	342
XXXIX. NEW MEXICO. Permanent Fund . . . . .	347
XL. NEW YORK. Common School Fund. Literature Fund. Town Funds. United States Deposit Fund . . . . .	349
XLI. NORTH CAROLINA. Literary Fund . . . . .	361
XLII. NORTH DAKOTA. Permanent School Fund . . . . .	365
XLIII. OHIO. Irreducible State Debt or Common School Fund . .	368
XLIV. OKLAHOMA. . . . .	378
XLV. OREGON. Common School Fund . . . . .	380
XLVI. PENNSYLVANIA. Common School Fund . . . . .	383
XLVII. RHODE ISLAND. Permanent School Fund . . . . .	387
XLVIII. SOUTH CAROLINA. Permanent School Fund . . . . .	389
XLIX. SOUTH DAKOTA. Permanent School Fund . . . . .	391
L. TENNESSEE. Common School Fund. Permanent School Fund	394

# CONTENTS

ix

	PAGE
LI. TEXAS. County School Funds. Permanent School Funds	400
LII. UTAH. State School Fund . . . . .	406
LIII. VERMONT. Huntington Fund. Permanent Public School Fund. Spanish War Claims Fund. United States De- posit Fund . . . . .	408
LIV. VIRGINIA. Literary Fund . . . . .	420
LV. WASHINGTON. Common or Permanent School Fund . . . .	423
LVI. WEST VIRGINIA. Irreducible Fund or School Fund . . . .	426
LVII. WISCONSIN. School Fund . . . . .	429
LVIII. WYOMING. Common School Permanent Fund . . . . .	434
APPENDIX "A." Tables relating to the History of Permanent Public Com- mon School Funds. Revenues and Expenditures in Connecticut, Florida, Indiana, Maine, Massachusetts and New York . . . . .	437
BIBLIOGRAPHY. General . . . . .	457
BIBLIOGRAPHY. Arranged by States . . . . .	460
INDEX . . . . .	469





## PART I

ORIGIN, MANAGEMENT, LOSS, AND INFLUENCE OF  
PERMANENT COMMON SCHOOL FUNDS





## CHAPTER I

### INTRODUCTION

#### RELATION OF PERMANENT SCHOOL FUNDS TO THE RISE OF FREE SCHOOLS—PRESENT CONDITION AND IMPORTANCE OF PERMANENT FUNDS

The existence of free schools in the United States is so universally accepted to-day that the period of indifference, struggle, and hardship through which they passed and out of which they arose is well-nigh forgotten. Schools were free in some states, such as Maine,<sup>1</sup> Wisconsin,<sup>2</sup> Kansas,<sup>3</sup> and West Virginia,<sup>4</sup> from the time of their admission into the Union. In others, such as Massachusetts, Connecticut, New York, Pennsylvania, Arkansas, Ohio, and Indiana, a large part of the support for public schools was drawn from pupils' tuition fees, known as rate bills.

That the responsibility of educating the child rests upon the state and not alone upon the parent or guardian, that the state or community has a right to tax the property of all its members, whether or not they have children attending the schools, are principles of education which have won acceptance among us gradually and in the face of bitter opposition. In many instances the only right recognized as belonging to the state was the right to grant the townships permission to tax themselves. And only after permissive taxation had existed for some time was it possible to enact compulsory taxation for schools. For example, in Massachusetts permissive taxation had existed from 1647,<sup>5</sup> but it was not until

<sup>1</sup> Constitution of Maine, 1820, Art. VIII.

<sup>2</sup> Constitution of Wisconsin, 1848, Art. X, Secs. 3, 4.

<sup>3</sup> Letter, Apr. 18, 1868, from P. McVicar, Kansas Supt. Public Instruction, in Report of Connecticut Board of Education, 1868, p. 54.

<sup>4</sup> Constitution of West Virginia, 1863, Art. X, Sec. 2.

<sup>5</sup> Mass. Coll. Records, Vol. II, p. 203.

1827 that it became compulsory. In that year towns were authorized and empowered as before, but now for the first time *directed* to raise by town tax the money necessary to maintain such schools as the law required.<sup>6</sup>

The indifference existing in certain states during the first half of the nineteenth century toward establishing free schools for the masses may be seen in the failure of such states as Florida and Georgia to use lands or funds available for such purpose. Upon her admission into the Union, 1845, Florida received from the United States Government section numbered sixteen in each township, amounting to over one million (1,053,653) acres.<sup>7</sup> At first these lands were regarded as belonging to the township in which they lay, but as far as can be learned only one township ever attempted to make use of its school lands,<sup>8</sup> so that three years later the state passed an act directing the lands to be sold and the proceeds merged in a permanent state school fund.<sup>9</sup>

Article fifty-four of the constitution of Georgia, 1777, provided that "Schools supported at the general expense of the State should be established in each county," and in 1783 the governor was empowered to grant one thousand acres of land for the establishment of such free schools.<sup>10</sup> Subsequent provisions and appropriations were made, so that by 1836 an annual revenue of about forty thousand dollars was available for free schools. But in 1845 only fifty-three out of ninety-three counties applied for their share.<sup>11</sup> Up to 1860 the income was often diverted from its lawful use, and often rejected with contempt owing to the stigma of the badge of pauperism attached to receiving it.<sup>12</sup> An attitude similar to this prevailed to a greater or less extent throughout the United States.

<sup>6</sup> Laws of Mass., 1827, Chap. 143, Sec. 4.

<sup>7</sup> Table of Land Grants, Report U. S. Commissioner of Education, 1892-93, II, p. 1283.

<sup>8</sup> U. S. Bureau of Education, Circular of Information, No. 7, 1888, p. 20, note 2.

<sup>9</sup> Laws of Florida, Fourth Session, 1848-49, Chaps. 230-231.

<sup>10</sup> Constitution of Georgia, 1777, Art. 54; Hinsdale, B. A., *Documents Illustrative of American Educational History*, p. 1314.

<sup>11</sup> U. S. Bureau of Education, Circular of Information, No. 4, 1888, p. 27.

<sup>12</sup> *Ibid.*, p. 26.

Private schools and academies increased in number and were attended by the well-to-do; the free public school being regarded as a charity or pauper school. It is said that in 1834 Massachusetts alone contained nine hundred and fifty private schools and academies.<sup>13</sup>

Despite these early harassing conditions, by the year 1870 a system of free schools had become established in practically every state in the Union. In almost every state these systems had been begotten and nurtured by one or more general public permanent common school funds; by which term is meant a fund the principal of which the state constitution or laws provide shall be kept permanently invested, and whose income alone, therefore, can be used for the support of common schools. The principal of the fund may be held by the state, as in Connecticut and Minnesota, or divided among and intrusted to the counties, towns, cities, and villages, as in Indiana and Missouri. These general permanent public funds differ from the permanent local funds in that they owe their origin to an act or grant which made provision for the entire state or territory or for the component units of the same, townships or counties, and did not originate in some act, grant, bequest, or gift affecting one or only a limited number of communities within the state. Many townships and cities do possess funds of this strictly local type, but the present work does not attempt to include such, except in so far as is necessary in showing the evolution of general permanent state or public funds.

It is difficult to ascertain the true condition of the permanent funds of many states. In some it would appear that officers immediately related to these funds are ignorant, not only of their history, but also of their present condition. The data given in both state and federal reports are sometimes incorrect, frequently misleading. Thus the federal reports for 1905 and 1906 both indicate that

**Existence of State  
Free School  
Systems Due to  
Creation of  
Permanent School  
Funds**

**Real Condition of  
Permanent School  
Funds Often  
Unknown**

<sup>13</sup> *Massachusetts and Its Early History*, Lowell Institute Lectures, pp. 486-487, published by the society, 1869; Boston, Mass., U. S. Commissioner of Education, Report, 1892-93, Vol. II, 1237.



Delaware derived no common school revenue from any permanent fund,<sup>14</sup> though crediting her with a permanent fund of \$350,000;<sup>15</sup> whereas Delaware in reality possesses a permanent common school fund known officially as the Public School Fund, having an invested principal in 1905-06 of \$938,097,<sup>16</sup> yielding an annual revenue of \$34,303.77,<sup>17</sup> which is approximately ten and eight-tenths per cent of the total common school revenue for 1905.\*

Further evidence of lack of accurate information and of the difficulty of securing correct data is shown by the two following conflicting statements, the first taken from an unpublished type-written account furnished by the New York State Department of Finance, December 23, 1906, the second from the report of the controller:

(1) "The U. S. Deposit Fund is invested in municipal securities and in mortgages. . . . The fund has been kept inviolably intact."

(2) "A liberal estimate of the present worth of the \$1,442,837.91 [of the U. S. Deposit Fund] held by the loan commissioners of the entire state will not exceed \$1,000,000 of sure assets. The losses suffered by the principal . . . from April 4, 1837, to September 30, 1905, amount to \$333,862.17."<sup>18</sup>

Table VII, pp. 20, 21, attempts to show the real condition of the permanent common school fund in each state as far as it has been possible to ascertain it. It will be seen that the funds fall naturally into two classes, funds which are intact and credit funds. Intact funds represent a real investment. Connecticut, Massachusetts, Maryland, Oregon, South Dakota, Utah, and Wyoming are among the states which appear to have kept their funds intact. There are three classes or types of credit funds. The first class includes funds the principal of which has been lost or diverted outright, but which is

**Funds Classified:**  
**Intact Funds,**  
**Credit Funds**

\* For source of data and fuller statement on this point consult the account given in Part II.

<sup>14</sup> Report U. S. Commissioner of Education, 1905, Vol. I, 410; Ibid., 1906, Vol. I, 306 (data for 1904-05).

<sup>15</sup> Ibid., 1905, Vol. I, 419; 1906, Vol. I, 315 (data for 1896-97).

<sup>16</sup> Delaware Treasurer's Report, 1905, p. 20.

<sup>17</sup> Ibid., p. 23.

<sup>18</sup> New York Comptroller, Report 1906, p. 280.

recognized by the state as a permanent debt on which the state must pay an annual revenue, the rate of interest or amount being fixed by law. The funds of Tennessee, Kentucky, and the greater portion of that of Louisiana are examples of this class. The second type of credit fund is one concerning which the laws provide that the state may expend the proceeds belonging to the principal as fast as they are paid into the treasury, credit the same to the fund, and pay interest on the account thus established. Such funds might be called permanent state accounts for common schools. Maine, Michigan, and Ohio have pursued this policy. A third class of funds which are in part practically credit funds are funds whose moneys have been borrowed by the state and which to-day are represented by state bonds, which will in all probability never be redeemed, and which constitute what is practically a state debt. It will be recognized that this third method of employing the moneys belonging to the principal of the permanent fund is different from using them to purchase state bonds in the open market. The fund of California is very largely a credit fund of this third class. In at least sixteen of the states the permanent common school funds are entirely or in part credit funds. Table I, see p. 8, shows for each fund in certain states: (1) the amount of the principal intact, (2) the amount which is a credit fund (1905).

In federal and in most state reports these credit funds are reported from year to year without comment as permanent funds, so that many states appear to have permanent productive sources of revenue for common schools which, in reality, have nothing save an additional source of taxation. Furthermore, the lack of uniformity in the use of the terms "school fund" and "common school fund," which are used in some states to designate permanent funds and in other states to designate annual school revenue derived from a variety of sources, is another misleading factor which must be reckoned with, and which makes it necessary to devote at least a paragraph to the topic of titles of the permanent school funds.

"School fund" is the title given by the constitutions to the state

**Misconception  
Concerning Real  
Condition of Funds  
Caused by Reports  
and by Lax Use of  
Terms**

TABLE I. CREDIT FUNDS<sup>a</sup>

State <sup>c</sup>	Principal <sup>b</sup>		Total
	Intact	Credit	
1. Ala.		\$2,831,295 <sup>d</sup>	\$2,831,295
2. Ark.		1,128,500 <sup>d</sup>	1,128,500
3. Cal.	\$3,237,834	2,026,000	5,263,834
4. Del.	759,312	178,850 <sup>d</sup>	938,097 <sup>h</sup>
5. Ia.	4,746,405	10,937 <sup>d</sup>	4,757,342
6. Ky.		2,418,997 <sup>e</sup>	2,418,997 <sup>i</sup>
7. La.	243,930 (1895)	1,130,867 <sup>d</sup>	1,759,387
8. Maine		442,757 <sup>f</sup>	442,757
9. Mich. (1903)		5,201,852 <sup>d, f</sup>	5,201,852
10. Miss.	2,464,644 <sup>m</sup>	1,002,023 <sup>g</sup>	3,466,667 <sup>k</sup>
11. Nev. (1906)	1,038,078	612,000 <sup>d</sup>	1,651,078
12. N. H.		59,470 <sup>d, f, i</sup>	59,470 <sup>i</sup>
13. Ohio		4,902,110 <sup>d, f</sup>	4,902,110
14. Tenn.		2,512,500 <sup>e</sup>	2,512,500
15. Vt.	344,949	775,269	1,120,218
16. Wis.	2,045,513	1,563,700 <sup>d</sup>	3,609,213

permanent common school fund in West Virginia,<sup>19</sup> Connecticut,<sup>20</sup> and Wisconsin.<sup>21</sup> This same title is employed in California by the treasurer and by the controller to designate the "total current annual

Confusing Use of Term "School Fund"

<sup>a</sup> Data in this table are taken from letters and data received from state officers and from state and federal reports quoted under accounts for each state in Part II.

<sup>b</sup> For 1905 unless indicated otherwise.

<sup>c</sup> Table VII, pp. 20, 21, gives valuations for all states, being arranged in alphabetical order.

<sup>d</sup> Practically a permanent state debt.

<sup>e</sup> Established or recognized as a permanent state debt by the law or by the constitution.

<sup>f</sup> State uses moneys as they are paid into the treasury; credits them to the fund; pays interest on the account thus established.

<sup>g</sup> A non-payable debt.

<sup>h</sup> Secured by state bonds; interest is paid from ordinary state revenues; this state has no direct state tax.

<sup>i</sup> Interest on this principal is derived from the sinking fund.

<sup>k</sup> Data taken from the report of the United States Commissioner of Education; may include some local permanent funds.

<sup>l</sup> Now used for supporting teachers' institutes only.

<sup>m</sup> Amount intact not verified.

<sup>19</sup> West Virginia Constitution, Art. X, Sec. 1.

<sup>20</sup> Connecticut Constitution, Art. VIII, Sec. 2.

<sup>21</sup> Wisconsin Constitution, 1848, Art. X, Sec. 2.



school revenue derived from all sources.”<sup>22</sup> Alabama<sup>23</sup> and Delaware<sup>24</sup> also employ the term “school fund” to designate common school current revenue. In Indiana,<sup>25</sup> New York,<sup>26</sup> Oregon,<sup>27</sup> and Washington<sup>28</sup> “Common School Fund” is the title of the permanent state common school fund. Georgia uses the same term to designate the total public school revenue derived from fourteen different sources;<sup>29</sup> Kansas, to designate the total annual revenue for common schools derived from all sources;<sup>30</sup> Nebraska, the income from the state tax, fines, and forfeitures, and interest on permanent school funds;<sup>31</sup> Ohio, the income derived from the school tax.<sup>32</sup>

In some states the report of the state superintendent of schools frequently employs a title different from that provided by the constitution and the laws. Thus, in Washington “Permanent School Fund” is often used to designate the common school fund. California fails to make any specific provision for a title for her permanent common school fund, though both constitution and laws refer to it as the state school fund.<sup>33</sup> Custom frequently fixes upon a permanent fund a name different from its official title. Thus the Michigan Primary School Fund and Swamp Land Fund are often called the “Seven Per Cent Fund” and the “Five Per Cent Fund.”<sup>34</sup>

“Permanent School Fund” is the title employed by the greatest

<sup>22</sup> Statement received from A. B. Nye, California Comptroller, in letter, Dec. 15, 1906.

<sup>23</sup> Public School Laws of the State of Alabama, compiled by O. J. Turner, 1895. Also Report Alabama State Supt. of Education, 1897-98, pp. 58-59; *Ibid.*, 1886, p. 7.

<sup>24</sup> Delaware School Laws, 1898, p. 38, Sec. 27.

<sup>25</sup> Indiana Constitution, 1851, Art. VIII, Sec. 2.

<sup>26</sup> Laws of New York, 1905, Chap. 587.

<sup>27</sup> Constitution of Oregon, 1859, Art. VIII, Sec. 2.

<sup>28</sup> Constitution of Washington, 1889, Art. IX. Secs. 2, 3.

<sup>29</sup> Georgia School Law, 1903, Sec. 38. Also Report Georgia School Commissioner, 1903, p. 404.

<sup>30</sup> Report Kansas State Supt. Public Instruction, 1880, p. 8.

<sup>31</sup> Nebraska School Law, 1899, p. 54.

<sup>32</sup> Ohio School Law, 1898, Sec. 3951.

<sup>33</sup> California School Laws, 1903, apply this title to Art. IX, Sec. 4, of the Constitution. See also Report California Supt. Public Instruction, 1864-65, p. 249.

<sup>34</sup> Report State Supt. Public Instruction, Mich., 1903, p. 24.

number of states; "Public School Fund" comes next to this in frequency of usage. Table II, without attempting to be complete, presents many of the titles employed. Table XVII showing the titles of all the permanent state school funds in each state will be found on pp. 100-106.

TABLE II. OFFICIAL TITLES OF PERMANENT COMMON SCHOOL FUNDS AND STATES EMPLOYING THEM

<i>Title</i>	<i>No.</i>	<i>States</i>
Permanent School Fund	12	1 Ark., 2 Ia., 3 Ky., 4 Me., 5 Minn., 6 Neb., 7 N. D., 8 R. I., 9 S. C., 10 S. D., 11 Tenn., 12 Tex.
State Permanent School Fund	1	Kansas
(Name of State) Permanent School Fund	1	New Jersey
Public School Fund	5	1 Del., 2 Col., 3 Idaho, 4 Mont., 5 Mo.
Common School Fund	4	1 Ind., 2 N. Y., 3 Ore., 4 Wash.
School Fund	3	1 Conn., 2 W. Va., 3 Wis.
(Name of State) School Fund	1	Massachusetts
Common School Permanent Fund	1	Wyoming
Permanent Public School Fund	1	Vermont
State School Fund	4	1 Fla., 2 Nev., 3 Utah, 4 Cal.
Free School Fund	2	1 La., 2 Md.
Sixteenth Section Fund		Ala., Miss., and other states
Primary School Fund	1	Michigan
Chickasaw Fund	1	Mississippi
Institute Fund	1	New Hampshire
School Fund Proper	1	Illinois
Ohio Irreducible State Debt	1	Ohio

Alaska <sup>35</sup> and the District of Columbia \* never possessed a general permanent common school fund nor reservations either of land or of money with which to establish such funds. Pennsylvania and Georgia both formerly had permanent common school funds, but to-day possess none. Georgia devotes state revenues derived from railroad and land rents and from certain bank stock

\* Consult the accounts given for each state in Part II.

<sup>35</sup> Statement contained in private letter received August 9, 1906, from E. E. Brown, U. S. Commissioner of Education.

to the support of common schools.<sup>36</sup> But the sources of these revenues do not appear to have been set apart permanently for this purpose.\* The remaining states and territories all possess one or more permanent common school funds, intact or credit, or reservations of land or of money from which such funds will be created.

The permanent common school funds differ greatly in value, as might be expected. Texas possesses two, the combined principal

**Inequality of  
Funds of  
Different States**

of which amounts, in 1905, to over fifty-two million dollars (\$52,660,489).<sup>37</sup> Minnesota's fund is next in size,† amounting to nearly eighteen million

dollars (\$17,824,135.12).<sup>38</sup> The two states having the smallest permanent school funds are New Hampshire and South Carolina. The principal of the former's fund amounts to about fifty-nine thousand dollars (\$59,470);<sup>39</sup> the latter's in 1906, to about forty-six thousand dollars.<sup>40</sup> In many states the permanent funds and the proceeds which should have been added to them have been cared for so carelessly, diverted, squandered, wasted, and embezzled so shamefully, that what ought to be a magnificent endowment, whose income would to-day be yielding an appreciable relief from taxation, has dwindled to an almost negligible sum, or exists as a permanent state debt on which interest is paid out of the taxes levied upon the present generation. Twenty-eight million dollars is a conservative approximate estimate of the sums lost or diverted in twelve states, as follows:

\* Consult the accounts given for each state in Part II.

† Consult footnote 43 on this point.

<sup>36</sup> Georgia School Law, 1903, Sec. 38. Also Report Georgia School Commissioner, 1903, p. 404.

<sup>37</sup> Data furnished Nov. 23, 1906, by J. W. Stephens, Texas State Controller; cf. account given in Part II.

<sup>38</sup> Biennial Report, Minn. Supt. of Public Instruction, 1905-06, p. 352.

<sup>39</sup> Statement received July 17, 1907, from H. C. Morrison, N. H. State Supt. Public Instruction.

<sup>40</sup> Data furnished Dec. 10, 1906, by R. H. Jennings, S. C. State Treasurer.

TABLE III. MONEY LOST OR DIVERTED BELONGING TO PERMANENT SCHOOL FUNDS \*

Alabama . . . . .	\$2,500,000
Arkansas . . . . .	1,250,000
California . . . . .	6,800,000
Georgia . . . . .	1,100,000
Indiana . . . . .	3,000,000
Kansas . . . . .	2,000,000
Louisiana . . . . .	1,130,867
Massachusetts . . . . .	2,842,512
North Carolina . . . . .	2,525,000
Tennessee . . . . .	1,888,985
Vermont . . . . .	1,015,269
Virginia . . . . .	1,826,516
Total . . . . .	\$27,880,149

In a few states, such as West Virginia,<sup>41</sup> and Massachusetts,<sup>42</sup> a limit has been set which the principal of the permanent school fund may not exceed. In a few other states, of **Limited and Growing Funds** which Connecticut is an example, no means of increasing the principal of the fund exists at present, other than wise investment. However, most states have set no limit to the principal, and in many the funds are being increased rapidly from certain sources, the revenues from which are to be forever added to the principal of the fund. In Minnesota the Permanent School Fund is increasing at the rate of nearly a million and a half a year. Twenty-four of the states and territories possess reservations of unsold school lands, the estimated value of which must be added to the present principal in order to get a true conception of the present and prospective relative size of the funds in the different states.

On p. 20 will be found Table VII, giving complete data. Table IV presents (1) the principal of the funds in the different states, in millions and thousands, arranged in order of value, and (2) the per cent of the total common school revenue in each state

\* For sources of these data see Chapter VI on Loss, in Part I; also accounts for each state in Part II.

<sup>41</sup> Constitutional amendment adopted 1902, statement received Feb. 18, 1907, from T. C. Miller, W. Va. State Supt. of Free Schools.

<sup>42</sup> Mass. Resolves, 1894, Chap. 90.



derived from the income of the principal. Table V shows (1) the funds arranged in the order of their estimated total value, including the estimated value of unsold school lands, and (2) the estimated value of unsold school lands, stated in millions and thousands, the proceeds of the sales of which will be added to the principal of the permanent common school funds.<sup>43</sup>

TABLE IV.<sup>a</sup> PERMANENT COMMON SCHOOL FUNDS IN MILLIONS AND THOUSANDS,<sup>b</sup> GROUPED IN ORDER OF THE VALUE OF THEIR PRINCIPAL IN THE YEAR 1905.<sup>c</sup> PER CENT OF TOTAL COMMON SCHOOL REVENUE DERIVED FROM THEIR INCOME †

<i>States</i>	<i>Principal mil- thou- lions sands</i>	<i>Per Cent</i>	<i>States</i>	<i>Principal mil- thou- lions sands</i>	<i>Per Cent</i>
<i>Group I</i>			<i>Group II</i>		
Texas	\$52,660	27.69	New York	\$8,971	.7
Minn. (1904)	15,978 <sup>e*</sup>	5.3	N. Dak.	8,263	12.6
Mo. (1902)	11,566	7.9	Kansas (1902)	7,531	9.3
Ind.	10,641	5.3	Ill.	7,033	3.7
<i>Group III</i>			<i>Group IV</i>		
Neb.	6,238	11.9	Ohio	4,902 <sup>d</sup>	1.59
Cal.	5,263 <sup>d</sup>	6.	Mass.	4,880	1.2
Mich. (1903)	5,201 <sup>d</sup>	4.5	S. Dak. (1906)	4,807	11.9
Okla	5,000		Iowa	4,757 <sup>d</sup>	2.
			Oregon	4,599	13.5
			N. J. (1902)	4,523	2.05

<sup>a</sup> Data in this table are taken from answers returned by state officers and from state and federal reports quoted under accounts for each state in Part II.

<sup>b</sup> Table VII on p. 20 gives complete valuations, states being arranged in alphabetical order.

<sup>c</sup> For 1905 unless indicated otherwise.

<sup>d</sup> Wholly or in part a credit fund; see pp. 5, 6, 7. For real condition of these funds see Table VII, p. 20.

\* <sup>e</sup> See foot-note 43 for estimate of value. This does not include one-half Swamp Land Fund. See account given in Part II.

† See accounts in Part II for data for Indian Territory and Oklahoma.

<sup>43</sup> It is impossible to secure a satisfactory estimate of the value of unsold common school lands. The estimates given are in many cases based on surface area and do not include the value of such products as minerals, oil, etc. In Minnesota, in 1904, the unsold lands belonging to the Permanent School Fund (according to data furnished the author Sept. 27, by J. W. Olsen, Supt. of Pub. Instruction)

TABLE IV—*continued*

<i>States</i>	<i>Principal mil-thou- lions sands</i>	<i>Per Cent</i>	<i>States</i>	<i>Principal mil-thou- lions sands</i>	<i>Per Cent</i>
<i>Group V</i>			<i>Group VI</i>		
Wis.	\$3,609 <sup>d</sup>	2.6	Ala.	\$2,831 <sup>d</sup>	9.8
Minn.	3,466 <sup>d</sup>	10.	Tenn.	2,512 <sup>d</sup>	4.4
			Ky.	2,418 <sup>d</sup>	5.8
			Conn.	2,022	3.2
<i>Group VII</i>			<i>Group VIII</i>		
Va.	1,881	2.3	Del.	983 <sup>d</sup>	10.9
La.	1,759 <sup>d</sup>	3.7	Mont.	871	3.6
Nev. (1906)	1,651 <sup>d</sup>	49.19	Md. (1906)	458	1.5
Wash.	1,477	8.	Maine	442 <sup>d</sup>	1.
Col. (1906)	1,408	4.9	N. C.	300	
Idaho (1903)	1,241 (1902)	10.2	Utah (1902)	291 (1904)	21.2
Ark.	1,128 <sup>d</sup>	1.6	R. I.	257	.4
Vt.	1,120 <sup>d</sup>	4.	Wyo.	173	49.3
Fla.	1,085	2.28	N. H.	59 <sup>d</sup>	.17
W. Va.	1,000	1.8	S. C.	46	.16
			N. Mex.	19	7.4

were estimated as worth \$5,354,088.47, which sum added to \$15,978,477, the principal reported in that year, would give a total estimated value of \$21,332,565.47. Since this time an effort has been made to determine the value of the ore and timber on the school land with the result that the state auditor estimates the value of the ore lands as at least one hundred million dollars and consequently the prospective value of the Permanent School Fund as over \$125,000,000 (advance report from Biennial Report Minn. State Auditor for the years 1907-08, p. xxxvi). If it were possible to secure estimates of a like sort from all the states, a comparison could be made here upon a much more satisfactory basis. At the present time, however, acreage or surface is the only basis which can be obtained from all states. Enough has been said to show that this basis is thoroughly unsatisfactory, if not absolutely misleading. In this connection consult the account of the Minnesota Permanent School Fund given in Part II.

<sup>d</sup> Wholly or in part credit fund; see pp. 5, 6, 7. For real condition of these funds see Table VII, p. 20.

TABLE V.\* PERMANENT COMMON SCHOOL FUNDS GROUPED IN ORDER OF ESTIMATED VALUE INCLUDING ESTIMATED VALUE OF UNSOLD LANDS,<sup>b</sup> STATED IN MILLIONS AND THOUSANDS<sup>c</sup>

	Estimated Value <sup>a</sup> of	
	Total Fund mil-thou- lions sands	Unsold Lands mil-thou- lions sands
<i>Group I</i>		
1. Texas . . . . .	\$65,660	\$13,000
2. S. Dak. (1906) . . . . .	33,254	28,447
3. N. Dak. . . . .	28,263	20,000
4. Wash. . . . .	23,727	22,500
5. Okla. . . . .	22,000	17,000
6. Minn. (1904) . . . . .	21,332*	5,354
<i>Group II</i>		
7. Neb. . . . .	18,240	12,002
8. Col. (1906) . . . . .	16,861	15,453
9. Ill. . . . .	16,605	9,571
10. Mo. <sup>d</sup>		
11. Idaho (1903) . . . . .	11,241	10,000
12. Ind. . . . .	10,676	35
13. Kan. (1902) . . . . .	9,063	1,531
14. N. Y. <sup>d</sup>		
<i>Group III</i>		
15. Cal. . . . .	5,663	400
16. Mich. (1903) . . . . .	5,614	413
17. Ore. (1906) . . . . .	5,599	1,000
18. Ohio <sup>d</sup>		
19. Mass. <sup>d</sup>		
<i>Group IV</i>		
20. Mont. . . . .	4,871	4,000
21. Iowa . . . . .	4,775	18
22. N. J. <sup>d</sup>		
23. N. Mex. . . . .	4,303	4,284

\* Data in this table are taken from answers returned by state officers, and from state and federal reports quoted under accounts for each state in Part II.

<sup>a</sup> See foot-notes 43, and *e*, p. 13.

<sup>b</sup> For 1905 unless indicated otherwise.

<sup>c</sup> Table VII on p. 20 gives complete valuations, states being arranged in alphabetical order.

<sup>d</sup> Names of states possessing no unsold lands reserved for these funds, or the value of whose unsold lands has not been ascertainable, are here inserted to show order of value.

TABLE V—*continued*

		<i>Estimated Value <sup>a</sup> of</i>	
		<i>Total Fund</i>	<i>Unsold Lands</i>
		<i>mil-thou-</i>	<i>mil-thou-</i>
		<i>lions</i>	<i>lions</i>
		<i>sands</i>	<i>sands</i>
<i>Group IV</i>			
24. Wis. . . . .		\$3,708	\$ 99
25. Wyo. . . . .		3,173	3,000
<i>Group V</i>			
26. Ala. <sup>d</sup>			
27. Nev. (1906) . . . . .		2,881	1,160
28. Tenn. <sup>d</sup>			
29. Ky. <sup>d</sup>			
30. Utah (1902) . . . . .		2,414	2,123
31. Conn.			
32. Va.			
33. La.			
34. Fla. . . . .		1,427	342

In 1906 Wyoming and Nevada derived nearly half of the moneys for the support of their common schools from the permanent school funds and land rents; Texas (in 1905) almost one-third; Utah (1902) and Oklahoma (1905), approximately one-fifth; Oregon (1906) and North Dakota (1905), about twelve per cent each; six states between ten and eleven per cent; nine states between five and nine per cent; eight states between two and three per cent; seven states between one and two per cent; and three states less than one per cent.

Table VI, which follows, presents the states grouped according to the per cent of their total common school revenues derived from permanent school funds and rents on lands belonging to these funds.

<sup>a</sup> See foot-notes 43, and e, p. 13.

<sup>d</sup> Names of states possessing no unsold land reserved for these funds, or the value of whose unsold lands has not been ascertainable, are here inserted to show order of value.



TABLE VI.<sup>a</sup> PER CENT OF TOTAL COMMON SCHOOL REVENUE IN 1905<sup>b</sup>  
DERIVED FROM PERMANENT SCHOOL FUNDS AND FROM TAXATION

	<i>Permanent School Funds<sup>c</sup> Per Cent<sup>a</sup></i>	<i>Local Tax Per Cent<sup>e</sup></i>	<i>State Tax Per Cent<sup>e</sup></i>
<i>Group I</i>			
Wyoming (1906) . . . . .	49.3	58.42	0.00
Nevada . . . . .	47.19 (1906)	35.94 (1904)	5.18
<i>Group II</i>			
Texas . . . . .	27.69	27.52	37.60
Utah (1904) . . . . .	21.2	68.05	24.40
Oklahoma . . . . .	20.16 <sup>r</sup>	78.55	0.00
<i>Group III</i>			
Oregon (1906) . . . . .	13.53	82.25	0.00
N. Dakota . . . . .	12.6	67.70	0.00
S. Dakota . . . . .	11.9	81.84	0.00
Nebraska . . . . .	11.9	66.37	3.29
Delaware . . . . .	10.9	67.96	32.04
Georgia (1901) . . . . .	10.54 <sup>*</sup>	0.00	0.00
Idaho (1903) . . . . .	10.2	75.41	10.50 <sup>t</sup>
Mississippi . . . . .	10.1 (1903)	15.96 (1903)	67.24 <sup>g</sup>
<i>Group IV</i>			
Alabama . . . . .	9.8 <sup>d</sup>	28.14	55.35
Kansas (1902) . . . . .	9.3	87.52	0.00
Washington . . . . .	8.	47.56	41.16
Missouri (1902) . . . . .	7.9	67.42	12.35
New Mexico . . . . .	7.4	0.00 <sup>h</sup>	60.02 <sup>i</sup>
California . . . . .	6.	54.33	45.67 <sup>j</sup>
Kentucky . . . . .	5.8 <sup>d</sup>	32.42	62.26
Indiana . . . . .	5.3	73.59	15.36

<sup>a</sup> Data in this table are taken from answers returned from state officers and from state and federal reports quoted under accounts for each state in Part II.

<sup>b</sup> For 1905 unless otherwise indicated.

<sup>c</sup> Including land rents; not including income of permanent funds of strictly local origin.

<sup>d</sup> A credit fund, see p. 5 ff.

<sup>e</sup> Taken from Reports of United States Commissioner of Education, 1905, I, 411, and 1906, I, 307.

<sup>f</sup> State apportionment.

<sup>g</sup> Includes poll tax.

<sup>h</sup> Included in state taxes.

<sup>i</sup> Includes local taxes and income from rent of lands.

<sup>j</sup> Includes taxes on railroads and collateral inheritances.

<sup>r</sup> Rents only of school lands.

<sup>\*</sup> Income from invested moneys which do not, however, constitute a permanent fund.

TABLE VI—continued

	<i>Permanent School Fund<sup>c</sup> Per Cent<sup>a</sup></i>	<i>Local Tax Per Cent<sup>e</sup></i>	<i>State Tax Per Cent<sup>e</sup></i>
Minnesota (1904) . . . . .	5.3 <sup>k</sup>	65.25	4.90
Colorado . . . . .	4.97	85.33	0.00
Tennessee . . . . .	4.4	63.97	15.24
<i>Group V</i>			
Montana . . . . .	3.6	45.79	38.60
Louisiana . . . . .	3.7	54.99 <sup>g</sup>	26.23
Connecticut (1902) . . . . .	3.2	79.72	13.69
Wisconsin . . . . .	2.6	66.47	17.29
Virginia . . . . .	2.3	53.60	44.05
Florida . . . . .	2.28	69.09	18.59
Iowa . . . . .	2.06	82.33	0.00
New Jersey . . . . .	2.05 (1902)	66.98	30.83
<i>Group VI</i>			
Arkansas . . . . .	1.6 <sup>d</sup>	67.56 <sup>g</sup>	29.07
Ohio . . . . .	1.59 <sup>d</sup>	80.59	10.14
Massachusetts . . . . .	1.21	96.57	2.08
Maryland . . . . .	1.5 (1906)	59.33	31.84
Arizona . . . . .	1.18	84.25	8.72
Maine . . . . .	1.02 <sup>d</sup>	70.94	25.64
<i>Group VII</i>			
New York . . . . .	.7	66.95	9.29
Rhode Island . . . . .	.45	86.75	7.80
New Hampshire . . . . .	.17	90.86	1.84
South Carolina (1906) . . . . .	.16	18.02 <sup>g</sup>	61.53

<sup>a</sup> Data in this table are taken from answers returned from state officers and from state and federal reports quoted under accounts for each state in Part II.

<sup>c</sup> Including land rents; not including income of permanent funds of strictly local origin.

<sup>e</sup> Taken from Reports of United States Commissioner of Education, 1905, I, 411, and 1906, I, 307.

<sup>d</sup>A credit fund, see p. 7.

<sup>g</sup>Includes poll tax.

<sup>k</sup> This per cent is computed from data supplied to the author from the Minnesota State Auditor's Department, December 28, 1908. There seems to be much confusion in the answers ordinarily given as to the per cent of total receipts for common schools derived from permanent funds. Data furnished September 27, 1906, from the Department of Public Instruction, stated that the income derived from the permanent school fund in 1904 amounted to \$1,192,686.94. The principal of the fund at this time was \$15,978,477, and the total receipts for common schools for this year \$10,680,835. According to these data, the principal of the permanent

During pioneer days in many states large numbers of school districts depended for their school support entirely upon their share of the income of the permanent school funds. But when the resources of the state had been developed, the system of free schools thoroughly established, and taxation for their support accepted, the permanent funds became less and less important as sources of revenue.

**Present Importance  
of Permanent  
School Funds**

The comparatively small per cent of the whole revenue for the support of common schools derived from the permanent common school funds and land rents is in danger of causing a misconception as to their real importance. In South Dakota in 1906 over eighty-one per cent of the common school revenue was derived from local taxes,<sup>44</sup> while less than twelve per cent was derived from the income of the permanent school fund and land rents (see Table VI, above). Nevertheless, the State Superintendent of Public Instruction writes that the revenue from the permanent fund is so large that many of the school districts depend upon it for "the large part of their support."<sup>45</sup> In Illinois in 1905 over eighty-eight per cent of the common school revenue was derived from local taxes (88.87 per cent)<sup>46</sup> and less than four per cent from income of permanent funds (see Table VI, above), yet the superintendent writes: "A very limited number of districts support schools from income derived from the principal of permanent funds. These are located

school fund was bearing over seven per cent interest, and was contributing approximately 11.2 per cent of the total annual receipts for common schools. In the State Auditor's Department it was stated on December 28, 1908, that the item \$1,192,686 included the state appropriation as well as the income from the permanent common school fund, and that the income from the permanent common school fund in 1904 was \$575,236.49, 5.3 per cent of the total annual receipts for common schools. The reports of the United States Commissioner of Education state that a much larger proportion of the whole revenue for common schools was derived from permanent funds than either of the percentages given above, making it in 1904 16.23 per cent. Evidently this percentage includes the state appropriations or the income from funds other than common school funds, (see Report of United States Commissioner of Education).

<sup>44</sup> Report U. S. Commissioner of Education, 1906, Vol. I, p. 307.

<sup>45</sup> Official statement received Nov. 28, 1906, from M. M. Ramer, State Supt. of Public Instruction of South Dakota.

<sup>46</sup> Report U. S. Commissioner of Education, 1905, Vol. I, p. 411.

TABLE VII. PUBLIC PERMANENT COMMON SCHOOL FUNDS IN 1905 \*

State or Territory	Permanent State Common School Fund Principal			Amount of Principal Borrowed by State or by State Secured	Rate of Int. St. Pays on Cr. Fund or Loan %	Unsold Common School Lands Leased and Unleased		Total Estimated Value	Total Income from Permanent State Common School Funds and Land Rents	Total Receipts for Common Schools	Approx. % of Total Derived from Perm. State Com. Sch. Funds and Land Rents
	Total Principal	Intact Fund	Credit Fund <sup>a</sup> and Permanent State Debts			Acreage	Estimated Value				
Alabama	\$ 2,831,295	—	\$ 2,831,295 <sup>a</sup> , <sup>b</sup>	—	6 & 4	—	—	—	\$ 156,494	\$ 1,588,561	9.85 <sup>c</sup>
Alaska (none)	—	—	—	—	—	—	—	—	—	—	—
Arizona	1,128,500	—	1,128,500 <sup>a</sup> , <sup>b</sup>	—	—	4,050,347	—	—	32,855	489,709	1.18
Arkansas	5,263,834	\$3,237,834	2,026,000 <sup>a</sup>	—	3	400,000	\$ 400,000	\$ 5,663,834	530,570	2,041,935	1.6
California	1,468,322	—	—	—	6 & 4	3,561,571	15,453,063	10,801,385	220,860	4,142,914	6.
Colorado (1906)	2,022,502	2,022,502	—	—	—	—	—	—	—	4,438,030	4.97
Connecticut	938,097 <sup>r</sup>	759,312	178,850 <sup>a</sup> , <sup>b</sup>	—	6	—	—	—	109,579	3,443,944	3.2
Delaware	—	—	—	—	—	—	—	—	54,303	498,524	10.9
Dist. Col. (none)	—	—	—	—	—	—	—	—	—	—	—
Florida	1,085,367	—	—	—	—	114,085	342,255	1,427,622	33,632	1,473,191	2.28
Georgia	1,241,968	741,968	—	500,000 <sup>f</sup>	4 & 6	1,000,000	10,000,000	11,241,968	212,052 <sup>d</sup>	2,011,753 <sup>d</sup>	(1901) 10.54 <sup>d</sup>
Idaho (1903)	7,033,753	—	—	—	—	6,987	9,571,580	16,605,333	67,615	—	10.2
Illinois	10,641,226	—	—	—	—	805	35,413	10,670,636 <sup>e</sup>	849,762	22,699,474	3.7
Indiana	5,000,000 <sup>b</sup>	—	—	—	—	—	—	—	638,373	11,927,050	5.3
Indian Ty.	4,757,342	4,746,405	10,937 <sup>b</sup>	150,000 <sup>f</sup>	6	520	18,000	4,775,343	214,255	10,360,424	2.06
Kansas (1902)	7,531,732	—	—	—	4 & 5	510,440	1,531,320	9,063,052	421,649	4,521,389	9.3
Kentucky	2,418,997 <sup>s</sup>	—	2,418,997 <sup>c</sup>	—	6	—	—	—	145,139	2,488,659	5.8
Louisiana	1,759,387	243,930(1895)	1,130,867 <sup>b</sup> , <sup>c</sup>	—	4	A	A	—	81,412	2,218,912	3.7
Maine	442,757	—	442,757 <sup>u</sup>	—	6	—	—	—	26,565	2,607,783	1.02
Maryland (1906)	458,038	458,038	—	—	—	—	—	—	50,980	3,486,230	1.5
Massachusetts	4,880,111	4,880,111	—	—	—	—	—	—	219,881	8,311,529	1.21
Mich. (1903)	5,201,852	—	—	—	7 & 5	82,662	413,005	5,614,856	406,119	8,712,294	4.57
Minn. (1904)	15,978,477 <sup>w</sup>	—	—	6,657,148 <sup>d</sup>	3, 4, 5	986,978	5,354,088	21,332,505	1,192,687	10,686,835	11.16
Mississippi	3,466,667 <sup>w</sup>	—	—	—	6 <sup>b</sup>	—	—	—	187,746 <sup>m</sup>	1,858,990	10.1
Missouri (1902)	11,566,556	—	1,002,023 <sup>l</sup>	—	—	—	—	—	638,833	8,113,509	7.9
Montana	871,803	871,803	—	—	—	2,781,181	4,000,000	4,871,803	199,407	5,566,127	3.62
Nebraska	6,238,381	—	—	1,477,071 <sup>f</sup>	4	1,020,955	12,002,000	18,240,381	652,916	5,447,362	11.9
Nevada (1906)	1,651,078	1,038,078	613,000 <sup>b</sup> , <sup>u</sup>	9613,000	—	1,160,000	1,160,000	2,811,078	135,486	275,388	49.19
New Hampshire	59,470 <sup>n</sup>	—	59,470 <sup>n</sup> , <sup>u</sup>	—	4	A	A	—	2,373 <sup>h</sup>	1,359,181	.17
New Jersey (1906)	4,523,917	—	—	—	—	—	—	—	200,000 <sup>o</sup>	9,773,562	(1902) 2.05
New Mexico	19,676	—	—	—	—	3,427,234	4,284,042	4,303,718	39,046 <sup>h</sup>	527,473	7.4 <sup>f</sup>
New York	8,971,863	—	—	—	—	—	—	—	335,524 <sup>o</sup>	47,823,172	.7
N. Carolina	300,000 <sup>f</sup>	—	—	—	—	700,000 <sup>f</sup>	250,000 <sup>f</sup>	550,000	—	—	—
N. Dakota	8,263,154	8,263,154	—	711,700	4	2,000,000	20,000,000	28,263,154	337,353	2,647,834	12.6

TABLE VII. PUBLIC PERMANENT COMMON SCHOOL FUNDS IN 1905—continued

State or Territory	Permanent State Common School Fund Principal			Amount of Principal Borrowed by State or by State Bonds	Rate of Int. St. Pays on Cr. Fund or Loan %	Unsold Common School Lands Leased and Unleased		Total Estimated Value	Total Income from Permanent State Common School Funds and Land Rents	Total Receipts for Common Schools	Approx. % of Total Derived from Perm. State Com. Sch. Funds and Land Rents
	Total Principal	Intact Fund	Credit Fund <i>a</i> and Permanent State Debts			Acres	Estimated Value				
Ohio	\$ 4,902,110	—	C\$4,902,110 <sup>h</sup> , <sup>u</sup>	—	—	A	\$17,000,000	—	\$322,186 <sup>f</sup>	\$20,290,251	1.59
Oklahoma	—	—	—	—	—	1,413,803	1,000,000	\$17,000,000	301,027	1,492,862	20.16
Oregon (1906)	4,599,460	\$4,599,460	—	—	—	500,000	1,000,000	5,599,460	*(1905) 272,353	2,012,718	13.5*
Pennsylvania	—	—	—	—	—	—	—	—	—	—	—
Rhode Island	257,414	—	—	—	—	—	—	—	9,131	2,014,821	.45
So. Car. (1906)	46,000 <sup>n</sup>	—	—	—	—	—	—	—	2,252 <sup>u</sup>	1,372,063	.16
So. Dak. (1906)	4,807,587	4,807,587	—	—	—	2,202,754	28,447,090	33,254,677	300,619	2,513,828	11.95
Tennessee	2,512,500	—	—	—	6	—	—	—	137,125	3,101,847	4.4
Texas	52,600,489	—	—	596,700 <sup>f</sup>	3.5: 7	13,000,000	13,000,000	65,660,989	1,774,343	6,406,333	27.69
Utah (1902)	201,205	201,205	—	—	—	2,092,226	2,123,168	2,414,373	348,750	1,645,551	(1904) 21.2
Vermont	1,120,218	344,949	775,269	—	6	B25,000	B175,000	—	52,813	1,289,891	4.09
Virginia	1,881,027	1,881,027	—	—	—	—	—	—	56,431	2,432,102	2.3
Washington	1,477,244	—	—	1,345,000	3½	2,250,000	2,250,000	23,727,244	293,312	3,648,369	8.
West Virginia	1,000,000	1,000,000	—	—	7	25,148	99,000	3,708,213	51,000	2,744,344	1.85
Wisconsin	3,609,213	2,045,513	1,563,700 <sup>h</sup>	q1,563,700 <sup>h</sup>	—	3,458,010	3,000,000	3,173,000	210,419	8,019,250	2.62
Wyoming (1906)	173,000	173,000	—	—	—	—	—	—	180,889	306,300	49.3

\* Note: For source of data in this table consult account given of each state in Part II.

<sup>a</sup> Credit funds are of several classes, see foot-notes *h*, *u*, *C*. In any case they are not productive in a real sense.<sup>d</sup> Rental of oyster lands and half rental of Western and Atlantic R. R. No provision for establishing these as permanent school funds; see account given in Part II.<sup>e</sup> Prospective value is much larger; fund is being increased from other sources than school land.<sup>f</sup> Approximate.<sup>g</sup> Unable to ascertain; paid out of taxes.<sup>h</sup> Deposited in U. S. Treasury to draw three per cent interest after June 16, 1906; see Indian Territory and Oklahoma, Part II.<sup>i</sup> A non-payable debt.<sup>n</sup> Now used for supporting Teachers' Institutes only.<sup>o</sup> Land rents only; unable to ascertain income from invested principal.<sup>p</sup> Secured by state bonds; interest is paid from ordinary state revenues; this state has no direct state tax.<sup>r</sup> Interest on this principal is derived from a sinking fund.<sup>s</sup> State uses moneys as they are paid into the treasury; credits them to the fund; pays interest on the account thus established.<sup>u</sup> Data for Minnesota does not include half of Swamp Land Fund which was established as a common school fund in 1907.<sup>w</sup> Possesses unsold school lands; area and value impossible to ascertain.<sup>x</sup> Included in my estimate of the permanent state fund. In 1905 they yielded about \$3,000 rent.<sup>C</sup> Established or recognized as a permanent state debt by the constitution or by law.<sup>c</sup> Computed.<sup>z</sup> Practically a permanent state debt.<sup>q</sup> Includes amounts given as "Credit Fund."



in districts that have not disposed of the sixteenth section.”<sup>47</sup> In 1905 Colorado derived over ninety-five per cent of moneys for supporting common schools from sources other than her permanent fund;<sup>44</sup> nevertheless, in the report for the year 1901 the Superintendent of Public Instruction wrote: “In many of the poorer districts the income of permanent school funds is what enables the schools to be maintained for the four months required by law, and in other districts it is an important feature.”<sup>48</sup> It is scarcely necessary to comment upon the importance of the permanent school funds in such states as Wyoming, Texas, and Nevada. In Texas about one-fourth of the total revenue for common schools is derived from the income of the permanent funds, and many districts depend for all or the largest part of their support upon the revenue of the County School Fund and the Permanent School Fund. J. W. Stephens, State Controller, states that many districts do not levy local taxes, and such depend entirely upon the available school and county available funds for support.<sup>37</sup>

The importance of state controlled funds is well illustrated in the history of the school systems of Maine, Vermont, and Massachusetts. The matter will be discussed more fully later. It is sufficient here to say that each of these states attempted to do without such a fund. Maine and Massachusetts realized their mistake in the early part of the nineteenth century, and in 1904 Vermont established hers.\*

The purpose of this work is to show the origin of the permanent common school funds, their management, loss, and present condition. For a better appreciation of the relation of these funds to the development of school support, it will be well to devote a chapter to the consideration of the sources of school support which existed prior to the establishment of the permanent state school funds.

\* See accounts, Part II.

<sup>47</sup> Statement received Sept. 1, 1906, from G. T. Blair, Ill. State Supt. of Public Instruction.

<sup>48</sup> Report Colo. State Supt. of Public Instruction, 1901-02, p. 623.

## CHAPTER II

### EARLY SOURCES OF SCHOOL SUPPORT AND EVOLUTION OF PUBLIC PERMANENT SCHOOL FUNDS

It is possible to open the discussion of the topic of this chapter in either of two ways: by discussing the sources of school support existing prior to the establishment in any state of a general permanent common school fund; or by discussing the sources of school support employed by certain states and territories which themselves as yet possessed no permanent school fund. Both points of view will be presented to a certain extent in this chapter. At least nine sources of school support existed in the United States prior to the establishment of general permanent common school funds: (1) appropriations, (2) rate bills, (3) local taxes on personal and real property, (4) taxes on banks, (5) licenses and taxes on occupations and on commodities, (6) lotteries, (7) land rents, (8) gifts and bequests, (9) permanent funds.

Connecticut established her School Fund in 1795,<sup>49</sup> New York her Common School Fund in 1805,<sup>50</sup> and Massachusetts her School Fund in 1834.<sup>51</sup> In New York six sources contributed to the support of common schools prior to the establishment of her permanent common school fund: appropriations, rate bills, town taxes, lotteries, gifts, and local funds.\* Connecticut employed five of these sources: appropriations, rate bills, local taxes, gifts, and local funds; Massachusetts, five: local taxes, rate bills, gifts, land rents, and funds.

It is necessary to state at the outset that most of the sources of

\* The Literature Fund, established in 1786, the first public permanent school fund in New York, was devoted to the support of Academical Departments for training teachers and therefore is not included in this list.

<sup>49</sup> Hudson and Goodwin, *Digest of Acts and Laws of Conn.*, 1805, pp. 31-33.

<sup>50</sup> Laws of New York, 1805, Chap. 66.

<sup>51</sup> Mass. Laws, 1834, Chap. CLXIX.

school support which existed prior to general permanent common school funds continued to contribute to the maintenance of schools long after the establishment of these funds. The general permanent common school fund, then, did not supplant these other sources, but served to increase the revenue derived from the more important of them by the incentive and unity which it gave to the free school movement. The following paragraphs will present only a few of the many examples which might be given of the employment of the more important sources of support for schools named above.

Local appropriations by towns date from earliest colonial days. For example, in Connecticut we find that Hartford, as early as

<b>Town, State, and Federal Appropriations</b>	1642, appropriated thirty pounds for the support of a school conforming to a custom already established. <sup>52</sup> Early in the next period of American history, individual states followed the example set by colonial towns. The legislature of New York in 1795 enacted that twenty thousand pounds be appropriated annually for "encouraging and maintaining schools in this state, in which there shall be instruction in English Language, English Grammar, Arithmetic, and Mathematics." <sup>53</sup> These appropriations expired in 1800. <sup>54</sup>
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Louisiana, by section 1 of an Act approved March 6, 1819, provided for an annual appropriation of six thousand dollars for supporting a school or schools, in each parish of the state, except New Orleans.<sup>55</sup> Section 3, of an Act approved February 6, 1821, increased this amount to eight thousand dollars.<sup>56</sup>

The United States Government has made federal appropriations from time to time to meet certain special conditions: "Congress has never set aside any school land in Alaska, but has made annual appropriations for the support of public schools." The appropriation for the year 1886 was fifteen thousand dollars. In 1901 the

<sup>52</sup> Hinsdale, B. A., *Documents Illustrative of American Educational History*; Report U. S. Commissioner of Education, 1892-93, Vol. II, p. 1240.

<sup>53</sup> Laws of New York, 1795, Chap. 75.

<sup>54</sup> Randall, S. S., *History of the Common School System of the State of New York*, ed. 1871, p. 96.

<sup>55</sup> *Lislet's Digest*, 1828, p. 348.

<sup>56</sup> *Ibid.*, p. 351.

annual appropriation was increased to thirty thousand dollars,<sup>57</sup> and in 1905 to fifty thousand dollars.<sup>58</sup> Congress makes annual appropriations of one-half the cost of maintenance of public schools in the District of Columbia.<sup>59</sup>

Rate bills were a form of tuition levied as a tax on parents and guardians to pay that portion of the teacher's salary not covered by public moneys. Like appropriations, they existed from earliest colonial days. As stated in Chapter I, they were employed as long as the principle that the parent or guardian, and not the state or community, is responsible for the education of the child, continued to control educational policy. The term "bills" was applied to them because each parent or guardian was charged according to the number of days his child had attended school. They could be collected, like other debts and taxes, by the sale of the debtor's goods and chattels.<sup>60</sup> The earliest record of them in Connecticut occurs in 1643. At a general town meeting of Hartford, held in April, it was ordered:

"That Mr. Andrew should teach the children in the school one year next ensuing from the 25th of March, 1643, and that he shall have for his pains sixteen pounds; and therefore the townsmen shall go and inquire who will engage themselves to send their children; and all that do so shall pay for one quarter at the least, and for more if they do send them, after the proportion of twenty shillings the year, and if they go any weeks more than an even quarter, they shall pay six pence a week; and if any would send their children who are not able to pay for their teaching they shall give notice of it to the townsmen, and they shall pay it at the town's charge; and Mr. Andrew shall keep the account between the children's schooling and himself, and send notice of the times of payment and demand it; and if his wages do not come in, the townsmen must collect and pay it; or if the engagements come not to sixteen pounds then they shall pay what is wanting at the town's charge."<sup>61</sup>

<sup>57</sup> Report U. S. Commissioner of Education, 1902, Vol. II, p. 1237, gives table of appropriations 1866-1901.

<sup>58</sup> Statement of U. S. Commissioner of Education for year ending June 30, 1905, pp. 26, 27, 33.

<sup>59</sup> Statement by A. T. Stewart, Director of Intermediate Instruction, Washington, D. C., Sept. 21, 1906.

<sup>60</sup> Report N. Y. State Supt. Public Instruction, 1848, pp. 41 ff.

<sup>61</sup> Hinsdale, B. A., *Documents Illustrative of American Educational History*, Report U. S. Commissioner of Education, 1892-93, p. 1240.

An entry made in the public records of New Haven, dated November 8, 1652, relative to engaging Mr. James as school-master, states that:

"The town was willing to encourage Mr. James his coming, and would allow him at least ten pounds a year out of the treasury, and the rest he might take of the parents of the children he teacheth by the quarter, as he did before, to make up a comfortable maintenance."<sup>62</sup>

This method of supporting schools, begun by the colonies, was continued by the states. Some states employed rate bills as a form of support throughout the entire school term. Others, such as Illinois<sup>63</sup> and Indiana,<sup>64</sup> maintained free schools for a definite period, after which parents were permitted to continue the school term, if they wished, by subscription or by rate bills.

Pennsylvania has long been proud of her claim that rate bills were abolished in 1834, the year in which was passed that state's first act providing for a general system of common schools. Wickersham writes, "Public schools in Pennsylvania have always been entirely free. . . . Rate bills, so common in the public schools of our older states . . . never had an existence in Pennsylvania."<sup>65</sup> This statement, though in the main correct, is thoroughly misleading. The laws enacted in 1834 and 1836 left the establishment of public schools to the option of the individual districts. It was not until 1848 that such establishment was made compulsory for the entire state. Prior to 1834 and from 1834 to 1848, large numbers of districts supported their schools almost entirely by tuition fees, although after 1834 any *public* schools maintained by districts must be absolutely free.\*

It is unnecessary to say that as long as rate bills were employed the schools of the community, though public, were not free. The

\* For references to law and for a more complete account, see Part II.

<sup>62</sup> Ibid., p. 1243.

<sup>63</sup> Report Conn. Board of Education, 1868, p. 49.

<sup>64</sup> Ibid., p. 51.

<sup>65</sup> James Pyle Wickersham, *History of Education in Penn.*, p. 343. See also footnote 59.



disastrous effects of such a system upon popular education are easy to understand. B. G. Northrop, Secretary of the Connecticut Board of Education, in his report for 1868, printed letters received from the superintendents of public instruction in the various states. The following table, without being complete, nevertheless shows to what a late date rate bills, or tuition fees, continued to be employed in many states:

TABLE VIII. RATE BILLS

	<i>Year Abolished</i>		<i>Year Abolished</i>
Massachusetts . . . . .	1827 <sup>66</sup>	Iowa . . . . .	1858 <sup>73</sup>
Delaware . . . . .	1829 <sup>67</sup>	New York . . . . .	1867
Pennsylvania . . . . .	1834 <sup>68</sup>	Rhode Island . . . . .	1868 <sup>74</sup>
Florida . . . . .	1869 <sup>69</sup>	Connecticut . . . . .	1868 <sup>75</sup>
Vermont . . . . .	1850 <sup>70</sup>	Arkansas . . . . .	1868 <sup>76</sup>
Indiana . . . . .	1851 <sup>71</sup>	Virginia . . . . .	1870 <sup>77</sup>
Ohio . . . . .	1853 <sup>72</sup>	Utah . . . . .	1890 <sup>78</sup>

The importance of rate bills as a source of revenue and the strength of their influence can be realized by noting the large per cent they contributed to the support of public schools. In Rhode

<sup>66</sup> Laws of Mass., 1827, Chap. 143, Sec. 4.

<sup>67</sup> An Act for the Establishment of Free Schools, passed Feb. 12, 1829.

<sup>68</sup> Letter from J. P. Wickersham, Apr. 17, 1868, printed in Conn. Board of Education Report, 1868, p. 57.

<sup>69</sup> Report U. S. Commissioner of Education, 1894-95, Vol. II, p. 1600.

<sup>70</sup> An Act relating to Common Schools, Nov. 13, 1850.

<sup>71</sup> Constitution, 1851.

<sup>72</sup> Letter from E. E. White, Ohio State Supt. of Schools, printed in Report Connecticut Board of Education, 1868.

<sup>73</sup> Report Iowa Supt. Public Instruction, 1896-97, p. 22.

<sup>74</sup> Letter from J. P. Chapin, Rhode Island Supt. Public Instruction, Mar. 31, 1868, printed in Report Conn. Board of Education, 1868, p. 66.

<sup>75</sup> Laws of Conn., 1868, Chap. LXXIII, passed July 24, 1868; law is quoted in Report Conn. Board of Education, 1869, p. 217.

<sup>76</sup> Act approved Feb. 3, 1843, attempting to establish free schools was ineffective. Constitution, 1868, made schools free, Report Ark. State Supt. Public Instruction, 1887-88, pp. 44 ff.

<sup>77</sup> Virginia Laws of 1870, Chap. 259, act approved July 11, 1870.

<sup>78</sup> Report Utah State Supt. Public Instruction, 1898-1900, p. 54.

Island in the year 1852-53, ten per cent of the expenditure for public schools was derived from rate bills.<sup>79</sup>

The following table shows the importance of rate bills in Connecticut during the last twelve years they were employed:

TABLE IX. CONNECTICUT TOTAL SCHOOL REVENUE AND CHIEF SOURCES OF INCOME 1856-68 <sup>80</sup>

<i>Report of Year</i>	<i>Rate Bills</i>	<i>District Tax</i>	<i>School Fund Income</i>	<i>Total School Revenue</i>
1856	\$31,839	\$39,487	\$129,038	\$331,821
1858	38,960	52,637	140,763	356,575
1860	38,381	84,419	134,033	390,201
1862	31,847	87,231	124,647	391,550
1864	29,466	96,964	132,589	390,454
1866	49,984	201,066	132,048	562,241
1867	76,442	317,977	130,658	704,986
1868	89,260	466,932	132,972	983,806

In the majority of states to-day the largest part of the revenues for the support of public schools is derived from local taxation. It

might be said that the history of school support is contained in the development of this method of maintaining schools. The first attempts at local school taxation in America were made by colonial towns, independently. In early colonial days, we find town meetings determining that a local tax shall be levied to pay, in part, for the support of schools. In 1658 Weathersfield voted:

"That Mr. Thomas Lord should be schoolmaster for the year ensuing, and to have twenty-five pounds for the year, and also the use of the house lot, and the use of the meadow as formerly; and the twenty-five pounds is to be raised of the children, eight shillings per head of such as come to school, and the remainder by rate of all the inhabitants made by the lists of estates." <sup>81</sup>

Here, then, is illustrated the first step in local taxation, a local tax

<sup>79</sup> Thomas B. Stockwell, *History of Public Education in R. I. from 1636 to 1876*, p. 81.

<sup>80</sup> Table taken from Report Conn. Board of Education, 1868, p. 33.

<sup>81</sup> Hinsdale, B. A., *Documents Illustrative of American Educational History*, Report U. S. Commissioner of Education, 1892-93, p. 1241.

initiated by the inhabitants of the community. The second step is taken when the colony or state passes a general law permitting local units to tax themselves.

In Chapter I it was pointed out that taxation for schools was permitted in Massachusetts as early as 1647.<sup>5</sup> The Connecticut

**Local Taxation  
in Massachusetts  
Colony**

Code, 1650, of Laws for the Government of the Commonwealth, under the title "Schools," provided that every township within the common-

wealth containing fifty householders should maintain a school. The wages of the schoolmaster "shall be paid either by the parents and masters of such children as shall report to him, or by the inhabitants in general by way of supply, as the major part of those who order the prudentials of the town shall appoint." <sup>82</sup>

In 1662 the colonies of Connecticut and New Haven united.

**Local Taxation  
in Connecticut  
Colony**

Fifteen years later, at the May session of the court, an order was adopted one provision of which reads:

*"It is also ordered by this court, Where schools are to be kept in any town, whether it be county town or otherwise, which shall be necessary to the maintaining the charge of such schools, it shall be raised upon the inhabitants by way of rate, except any town shall agree to some other way to raise the maintenance of him they shall employ in the aforesaid works (conducting a Latin school), any order to the contrary notwithstanding."* <sup>83</sup>

The third stage in the development of local taxation is reached when the commonwealths compel the local units to tax themselves for the support of schools.

In 1677 the colony of Plymouth provided that every township within the colony, of fifty families, in which a master shall be obtained to teach a grammar school, should allow at least twelve pounds in current pay *to be raised by rate on all the inhabitants* of such town, and those that have children attending such school shall make up the residue not covered by gifts or moneys received from other sources.<sup>84</sup>

<sup>82</sup> Ibid.

<sup>83</sup> Ibid., pp. 1245, 1247.

<sup>84</sup> Ibid., p. 1239.

The famous Connecticut Code completed in 1700 contained three provisions of great importance: (1) that every town of seventy householders or more must maintain a school eleven months; (2) that every town of less than seventy householders must maintain a school for at least six months; and (3) that towns shall levy a school tax of 40s. on every £1000.<sup>83</sup>

Connecticut  
Code, 1700

New York, by the Act of 1795, provided that each town, in order to participate in the annual appropriations of twenty thousand pounds referred to in this chapter,\* must raise by tax a sum equal to one-half the public money it received.<sup>53</sup>

From these facts it will be seen that the custom of compelling towns to tax themselves for the support of schools was begun in colonial days and continued after the formation of the Union. States admitted later followed, to a considerable extent, the precedent established by the original states. Maine provided for a compulsory per capita tax in 1821, the year following her admission into the Union, and a voluntary local tax for erecting and repairing school buildings. Minnesota was established as a territory by Congress in 1849.<sup>85</sup> Her school lands yielded no income until 1863. During territorial days county commissioners were required to levy an annual two and one-half mill tax on all taxable property, to which was added fifteen per cent of all moneys accruing from liquor licenses and fees for criminal offenses. Money thus accumulated, known as the county school fund, was used for teachers' wages only. Districts were to raise, by voluntary, self-imposed taxes, moneys for building and furnishing school-houses.<sup>85</sup>

State and Terri-  
torial Compulsory  
Local Taxation  
for Schools

In the territory of Arizona at the present time (1906), there are reserved for its future use over four million acres of school lands.<sup>87</sup> These lands cannot be sold, and consequently no permanent funds can be established from their proceeds until Arizona becomes a state, without some special provision of Congress. Since the organ-

\* See page 24.

<sup>85</sup> Report Minn. Supt. Public Instruction, 1878, pp. 7, 8.

<sup>87</sup> Data furnished Sept. 1, 1906, by R. L. Long, Ariz. Territorial Supt. of Schools; consult Arizona in Part II.

ization of Arizona as a territory, schools have been very largely supported by taxes upon the territorial and several county treasuries.<sup>86</sup> The rate of territorial taxes in 1905 was three cents on the hundred dollars.<sup>87</sup>

Maine provided for the establishment of her Permanent School Fund in 1828,<sup>88</sup> but it was not until 1851 that revenue derived from

this fund was distributed to the towns.<sup>89</sup> On  
**Bank Taxes** January 23, 1821, the legislature of Maine passed an act imposing a semiannual tax of one-half of one per cent upon all banks of the state. In March, 1833, an act was passed providing that subsequently the bank tax should be distributed to the towns and plantations of the state according to the number of their pupils.<sup>90</sup> In 1833 the amount contributed by bank taxes to the support of public schools was \$18,389;<sup>91</sup> in 1863, \$79,830.<sup>92</sup> Income from the bank tax was greatly diminished when many of the banks gave up their state charters and entered the national banking system. This tax ceased in 1869.<sup>92</sup> Other states used taxes levied upon banks as a source of state aid prior to the establishment of the state fund. One of the first forms of aid given by the state in Indiana was a state bank tax provided for in 1834.<sup>93</sup>

Both colonies and territories have devoted licenses for pursuing certain occupations and for dealing in certain commodities to the

support of schools long before the establishment  
**Licenses** of general permanent school funds. Fees derived from fish licenses, known as "cape money" were devoted to the colony of Plymouth for the support of a grammar school as early as 1673.<sup>94</sup> In May, 1766, Connecticut passed an act granting, for the support of schools, arrears due for taxes upon liquors, teas, and

<sup>86</sup> Report U. S. Commissioner of Education, 1882-83, p. 283.

<sup>88</sup> Laws of Maine, 1828, Chap. 403.

<sup>89</sup> Maine School Report, 1855, p. 16.

<sup>90</sup> Maine School Report, 1857, p. 15.

<sup>91</sup> Maine School Report, 1855, p. 14.

<sup>92</sup> Maine School Report, 1869, p. 156.

<sup>93</sup> Report Ind. Supt. Public Instruction, 1871-73, pp. 15-16; Laws of Ind., 1834, Chap. 7.

<sup>94</sup> *Plymouth Colonial Records*, V, pp. 107, 108.



some other commodities imposed several years before, also the interest on excise money that had up to this time accumulated. In 1774 an act was passed giving the principal of such excise money to the towns in which it had been collected, for school purposes.<sup>95</sup> Gambling licenses and liquor licenses have been, to a large extent, devoted to the support of schools from very early times. Minnesota, as stated above, during her territorial days, devoted fifteen per cent of moneys derived from liquor licenses and fees for criminal offenses to the support of the schools. Arizona devotes gambling licenses, fines, and forfeitures to the same object at the present time.\*

Lotteries were a means extensively employed in the early decades of the nineteenth century for supporting public or philanthropic institutions. Both colleges and public schools derived aid from them. A few instances will suggest the extent to which they were used. With the expiration in 1800 of annual school state appropriations, New York found it necessary to provide other means of aiding public schools. In 1801 an act was passed directing that \$100,000 be raised by means of four successive "literature lotteries" of \$25,000 each; \$12,000, i. e., one-eighth of the entire amount to be paid to the regents for distribution as they see fit among the academies; the remaining seven-eighths, \$82,500, to be paid into the treasury for the encouragement of such schools as the legislature might thereafter direct.<sup>96</sup> These "literature lotteries" did not cease until prohibited by the state constitution of 1821, which forbade all lotteries.<sup>97</sup> Rhode Island used lotteries both as a source of annual revenue for common schools and for increasing the principal of her Permanent School Fund.<sup>98</sup> Between the years 1812 and 1838 Congress passed fourteen joint resolutions authorizing lotteries for the support of schools

\* See account in Part II.

<sup>95</sup> Report Conn. Board of Education, 1876, p. 108.

<sup>96</sup> Laws of New York, 1801, Chap. 126.

<sup>97</sup> Randall, S. S., *History of the Common School System of the State of N. Y.*, ed. 1871, p. 11.

<sup>98</sup> Thos. B. Stockwell, *History of Public Education in R. I. from 1636 to 1876*, p. 45.

in the District of Columbia.<sup>99</sup> The District of Columbia employed monasteries as a means of raising money to support the first two public schools ever established in the district, and eventually \$40,000 was raised as a permanent fund to support two charity schools.<sup>99a</sup>

The discussion of permanent funds as a means of school support has been reserved until now, not because they were of later origin than certain of the sources already presented, but because a discussion of them will involve a description of the evolution of public permanent school funds, the second topic included in this chapter.

The beginnings of establishing permanent funds for endowing schools are difficult to determine. The monastic schools in the

**Private and  
Local Funds**

Middle Ages were supported chiefly from the income of lands belonging to the monasteries.

Within a comparatively short time after the suppression of monasteries in England by Henry VIII, schools arose endowed by rulers, nobles, and wealthy men of every class. The custom of endowing schools which had been followed abroad was early carried to the western continent. James I, in 1617, suggested a school for the Indian youth of Virginia. The London Company subscribed one thousand acres of land, five servants, and an overseer for the maintenance of the master and an usher. Buildings were erected, but the Indian war in 1622 put an end to the work.

Local funds resulting from private bequests were early established in Virginia, New Hampshire, Massachusetts, Connecticut, and other colonies. The Benjamin Simms School,

**Gifts and Bequests  
of Cattle, Slaves,  
and Lands**

founded in 1642, located on the Poqoson river in

Virginia, owes its origin to such a bequest. Benjamin Simms, by his will made in 1634-35, gave two hundred acres of land, "with the milk and increase of eight cows for the maintenance of an earnest and honest man" to keep a free school for the education of the children of the parishes of Elizabeth City and Kiquotan.<sup>100</sup> The Henry Peasley Free School, located in

<sup>99</sup> Report District of Columbia School Board, 1874-75, pp. 18-31. Reference taken from letter to author from A. T. Stewart, dated Sept. 25, 1906.

<sup>99a</sup> Barnard, *History of Public Schools in the District of Columbia*, p. 52.

<sup>100</sup> Neil, Edward D., *Virginia Carolorum*, pp. 112-113.

Gloucester county, Virginia, owes its origin to a bequest made by Henry Peasley in 1675, consisting of six hundred acres of land, ten cows, and one mare. Later, other patrons gave slaves, cattle, and additional land.<sup>101</sup> Captain John Mason, who died in 1636, bequeathed one thousand acres of land for maintaining a free grammar school for the education of youth in New Haven.<sup>102</sup>

The first permanent school fund established in Connecticut owes its origin to a bequest of Edward Hopkins, who died in 1658. As a result of this bequest, Hartford received four hundred pounds (£400), New Haven four hundred and twelve pounds (£412), and Hadley three hundred and twelve pounds (£312). Hartford used the money at first to support a free elementary town school and later a grammar school. Hadley appears to have used its share to support an elementary school; New Haven her share to support a grammar school.<sup>103</sup> In 1673 Robert Bartlett left all his estate to the town of New London for the education of the children.<sup>104</sup>

Side by side with the permanent local funds originating from private bequests, were permanent local funds created by the towns themselves for the support of schools within the town. November 10, 1641, Boston reserved Deer Island for the maintenance of a free school for the town.<sup>105</sup> In 1639 Dorchester reserved Thompson's Island for the support of a school, and in 1657 reserved one thousand acres more for the same purpose.<sup>106</sup>

This policy pursued by the towns, of establishing permanent funds for the support of schools was early adopted by certain of the colonial governments. Both Massachusetts and Connecticut made grants of land to towns for the support of grammar schools

<sup>101</sup> Brown, E. E., *The Making of the Middle Schools*, pp. 49-50.

<sup>102</sup> Capt. John Mason, *Prince Society Pub.*, p. 104; Jos. Schafer, *Origin of System of Land Grants for Education*, p. 11.

<sup>103</sup> Report Conn. Board of Education, 1876, p. 103.

<sup>104</sup> *Ibid.*, pp. 122-123.

<sup>105</sup> *Memorial History of Boston*, IV, pp. 238-239.

<sup>106</sup> *History of Dorchester*, pp. 160-163, 420-424; Schafer, *Origin of System of Land Grants for Education*, p. 12.

within the towns. Connecticut in 1672 granted six hundred acres each to the four county towns of Fairfield, New London, New Haven, and Hartford for the support of a grammar school.<sup>83</sup> In 1659 the General Court of Massachusetts Bay granted the towns of Charlestown and Cambridge one thousand acres of land each on the condition that they forever appropriate it to maintaining a grammar school.<sup>106a</sup>

The grants of land thus far described are special or local. They do not represent, as a rule, a policy adopted for the entire commonwealth. The next step forward toward a system of general endowment of schools was the reservation of land for schools in towns yet to be settled. With this step begins a policy of far-reaching influence and of the greatest historical significance, as will appear later. In 1687 the colony of Connecticut granted more than one-half of what is now Litchfield county to the towns of Hartford and Windsor, to save this land from the cupidity of the royal governor, Andros. Hartford and Windsor refused to restore this land to the colony, as it had been expected they would do when the troublesome times ceased. A controversy arose which resulted in a compromise in 1726. The territory was divided in half, the eastern half was given to Hartford and Windsor, and the colony took the western half, which it laid out in seven townships. Five of these townships were divided into fifty-three parts each. Three parts in each town were reserved, one for the support of the town school and two for the ministry.

In May, 1733, the assembly enacted that these seven towns be sold and the proceeds divided among the towns of the colony already settled, in proportion to their respective lists of polls and ratable estate, the proceeds to be set apart by each town as a permanent fund, the interest on which was to be faithfully expended for the support of the schools required by law; towns containing more than one parish, to divide the fund among their several parishes in propor-

**Beginnings of  
Reservation of  
Town School Lands,  
Connecticut, 1726**

<sup>106a</sup> *Colonial Records of Massachusetts Bay*, IV, p. 400; Schafer, *Origin of System of Land Grants for Education*, p. 22.

tion to their respective lists. Six of these townships were sold in 1783, the seventh a few years later.<sup>107</sup>

From the proceeds of the sales of these town lands, two classes of permanent school funds arose: (1) the fund belonging to the colony which was distributed among the towns of the colony; (2) funds belonging to new towns, rising from reservations of school lands within the towns. The second part of this policy was incorporated as a feature of a plan presented by the Susquehanna Company of Connecticut in 1768. This company undertook to establish a settlement for Connecticut in the Wyoming Valley. The Susquehanna Company divided its land into townships each five miles square, reserving three shares in each township for the ministry and schools, the three shares amounting in all to 960 acres.<sup>108</sup>

The Connecticut colonial policy of reserving lands in each town was adopted soon after the formation of the Union by several states: Georgia, New York, Massachusetts, and others. One of the provisions of the Act passed by Georgia, July 31, 1783, reads as follows:

"And be it further enacted that upon the application of any person or persons duly authorized by the respective counties, His Honor, the Governor, shall be and is hereby likewise empowered to grant one thousand acres of vacant land for erecting free schools. . . ." <sup>109</sup>

New York, in 1786, provided that the unappropriated lands of the state be laid out in townships of sixty-four thousand acres.<sup>110</sup> Two lots, known respectively as the "Gospel and School Lot" and the "State Lot" were reserved in each township: the first, for the support of the gospel and schools within the township; the second, or state lot, for the future use of the state. In 1789 provision was made for the sale of the "Gospel and School Lot" in

<sup>107</sup> Report Conn. Board of Education, 1876, p. 106.

<sup>108</sup> Report Conn. Board of Education, 1876, p. 109; Hinsdale, B. A., *Documents Illustrative of American Educational History*, Report U. S. Commissioner of Education, 1892-93, p. 1265.

<sup>109</sup> *Digest of the Laws of the State of Georgia*, 1755-1802, pp. 132, 134, Sec. 14.

<sup>110</sup> Laws of New York, 1786, Chap. 67.



each township, thereby completing the establishment of these township funds.<sup>111</sup> Lands thus reserved for the use of the township included about forty-seven thousand three hundred and eight acres.<sup>112</sup>

The legislature of Massachusetts, in 1788, provided that in the disposition of all town lots thereafter, whether granted or sold, four lots of three hundred and twenty acres each should be reserved as follows: two lots for the minister; one for the support of the common schools in the township, one for the future disposition of the state.<sup>113</sup>

In the evolution of permanent school funds just traced, five types are evident: (1) funds arising from private gifts and bequests; (2) funds arising from reservation of lands by the town for the support of schools within the town; (3) funds arising from grants of lands to particular towns by the colonial government; (4) funds arising from the proceeds of the sale of the unsettled lands for the benefit of the already settled political units; (5) funds arising from school lands reserved in towns yet to be settled, for the support of schools within the town. The permanent school funds in the United States owe their origin to the further extension of the policy represented by the last type. It was only necessary for the states and for the federal Government, after the formation of the Union, to adopt and develop this policy respecting their unsettled lands to bring about the creation of the permanent state funds.

It may be said that the public permanent school funds in the United States arose, then, as the final stage in the evolution of one species of school support. It must not be forgotten at any point, that they arose, not only to fulfil the principles of liberty and democracy, but to fulfil a great social need. The sources of school support described in this chapter were insufficient to put free public schools upon a reputable and solid foundation, at a time when the support

<sup>111</sup> Laws of New York, 1789, Chaps. 32, 44.

<sup>112</sup> Report N. Y. State Supt. Public Instruction, 1833, p. 61.

<sup>113</sup> Maine School Report, 1898, pp. 49-50.

of such schools was regarded largely as a work of charity rather than as a public necessity and opportunity. The actual condition of the schools during this period has been suggested in Chapter I, and will be discussed more fully in Chapter VI. Here, it is sufficient to say that before stable systems of schools could be established in the several states, some sure, unfluctuating means of support must be supplied. Such a means was supplied by establishing public permanent common school funds, the origin of which is the subject of the next two chapters.

## CHAPTER III

### FEDERAL SOURCES OF PERMANENT COMMON SCHOOL FUNDS

The sources from which permanent common school funds in the United States have been derived may be divided into two classes, state and federal. The state sources of permanent common school funds include (1) state lands, (2) state moneys. The federal sources include likewise: (1) lands owned by the United States, reserved for schools when the territory was first surveyed, and granted to the individual townships or to the state when the state was admitted into the Union; (2) federal moneys include federal loans, grants and appropriations. As will appear later much federal land and much federal money devoted by the states to their permanent common school funds was so devoted at their own option.

In the preceding chapter it was shown how, beginning in colonial times, the policy arose of reserving for schools one or more sections of land in newly surveyed townships. Before New York and Massachusetts had adopted this policy, the United States Government had undertaken measures for dividing its western territory into townships six miles square, laid out in thirty-six sections each one mile square, and reserving one section (i. e., 640 acres) in each township for the support of common schools. These western lands had been claimed at first by the individual states. The first permanent state fund, that of Connecticut, which was established in 1795, was created from proceeds of sales of lands lying within this western territory.\* It is necessary, therefore, at this point to give an account of how the vast western territory originally claimed by the states came to be owned by the federal Government.

\* The account given of the origin of the Ohio fund (Irreducible Debt) in Part II should be read in connection with this chapter.

France, by right of discovery and of settlement, originally claimed that vast region in North America known by the general name of Louisiana, lying between the Allegheny and Rocky mountains. Her claims were opposed by England and Spain. By the Treaty of Paris in 1763, France ceded all her possessions east of the Mississippi river to England. By this treaty the Mississippi river became the boundary between the British and Spanish possessions. Long before the Treaty of Paris, England, ignoring the claims of France, had granted tracts of this western territory to companies and colonies. In 1609 the London Company which established the colony of Virginia, was granted all the territory extending along the coast for two hundred miles north and south of Point Comfort and up into the land from sea to sea, west and northwest, but in 1624 this company was dissolved and the grant resumed by the crown.

The charter of Connecticut granted by Charles II in 1662, conveyed to the governor and company of the English colony of Connecticut, land which included parts of Rhode Island, New York, New Jersey and all land west of New Jersey between N. latitude 41 and 42° 2' through to the Pacific Ocean.<sup>95</sup> The land lying within New York and New Jersey included in this charter had been previously granted to Plymouth under the charter of 1620. As the result of these conflicting grants, New York, Massachusetts, Connecticut, and Virginia all claimed the same region of land lying north of the Ohio River, while western New York was claimed by Massachusetts, and northern Pennsylvania by Connecticut. In like manner North Carolina, South Carolina, and Georgia claimed the vacant lands in the southwest. The claims of Massachusetts were founded upon her charter granted in 1691. New York's claim rested principally upon the treaty made in 1684, between England and the Indians, and upon money the colony had spent to enforce the English claims to this land.

Before the close of the Revolution confusion and antagonism reigned as a result of these conflicting claims. On June 29, 1776, Virginia asserted her claim to all lands granted by the charter

of King James in 1609.<sup>118</sup> This claim was open to serious question since in 1624 the London Company had been dissolved and the grant resumed by the crown. Four months after **Maryland Opposes Virginia's Claims** Virginia's asserting her claim Maryland made a formal protest as follows:<sup>119</sup>

*"Resolved unanimously, That it is the opinion of this convention, that the very extensive claim of the state of Virginia to the back lands hath no foundation in justice, and that if the same or any like claim is admitted, the freedom of the smaller states and the liberties of America may be thereby greatly endangered; this convention being firmly persuaded that if the dominion over these lands should be established by the blood and treasure of the United States, such lands ought to be considered as common stock, to be parcelled out at proper times into convenient, free and independent governments."*<sup>120</sup>

In 1778 Virginia successfully conducted an expedition against the British and their Indian allies who had been harrassing her own frontiers and those of Pennsylvania and New York. This same year the General Assembly of Maryland instructed her representative in Congress to refuse to agree to the Articles of Confederation unless an article be added declaring that the country unsettled at the commencement of the war and claimed by the British crown should be considered as the common property of the thirteen states "to be parcelled out by Congress into free, convenient and independent governments in such manner and in such time as the wisdom of that assembly shall hereafter direct."<sup>121</sup> Nevertheless, Virginia, in 1779, opened an office for the sale of her western lands.

Of these conflicting claims that of the United States was held to have had the soundest basis, for several reasons. As pointed out above, the company to which the charter of **Origin of Federal Lands** Virginia had been granted had been dissolved and the grant resumed by the crown. Moreover, large tracts of territory included within its original limits had been patented to various individuals and associations without remonstrance on the

<sup>118</sup> Hening, Wm. W., *Statutes at Large*, Vol. IX, p. 118.

<sup>119</sup> *American History Leaflets*, p. 3.

<sup>120</sup> *Conventions of Maryland*, p. 293.

<sup>121</sup> *Journals of Congress*, V, pp. 208-211.



part of Virginia. The expenses Virginia had incurred in her efforts to protect the frontier created just claim upon the United States treasury, but could not give title to the western lands. Connecticut, in her agreement with New York, had so clearly defined her boundary line that her claims to western territory might well be called in doubt. Massachusetts' claims rested upon a charter granted at a period when the territory now claimed under it was actually possessed and occupied by France. The claims of New York could be refuted upon an appeal to western geography, and investigation into the real extent of the territory occupied by the Six Nations.<sup>122</sup>

Congress, to support the claim of the United States, passed a resolution earnestly recommending to Virginia the reconsideration of her act, and recommending further all other states to forbear settling or granting unappropriated lands during the present war. To enforce this recommendation Colonel Broadhead was stationed in the western country to prevent settlement. The controversy respecting western lands continued to delay the ratification of the Articles of Confederation and increased the difficulties of carrying on the war. Congress, therefore, appealed to the states to ward off the danger that threatened their common cause by liberal cessions of lands for their common benefit.<sup>123</sup> On October 10, 1780, Congress passed a resolution which contained a pledge on the part of Congress (1) that the western territory ceded to the states should be disposed of for the common benefit of all the states; (2) that it should be formed into states to be admitted, when formed, into the Union upon a footing equal in all respects with that of the original states; (3) that the expenses incurred by any state in subduing British posts and in acquiring and defending the territory to be ceded should be reimbursed; (4) that the manner and condition of the sale of the said lands should be exclusively regulated by Congress.<sup>124</sup>

**Congress Appeals  
to States to Cede  
Their Land Claims**

<sup>122</sup> *History of Ohio*, Chase; Statutes of Ohio, Vol. I.

<sup>123</sup> *Journals of Congress*, VI, pp. 179-180.

<sup>124</sup> *Journals of Congress*, VI, p. 213.

New York was the first of the states to give up her claim, doing so on March 1, 1781.<sup>125</sup> Virginia ceded hers October 20, 1783;<sup>126</sup>

**States Cede Claims to Western Lands** Massachusetts, hers April 19, 1785.<sup>127</sup> Connecticut's first cession was made September 14, 1786.<sup>128</sup>

Massachusetts and New York made no reservations in their cessions, but Virginia reserved for herself about three million, seven hundred ten thousand acres of land known as the Virginia Military Reservation, lying in Ohio between the Scioto and Little Miami rivers on the northwest side of the Ohio river, for the benefit of her troops.<sup>129</sup> Connecticut reserved for herself an area of about three million, three hundred thousand acres lying in the northeastern corner of Ohio, known as the Western Reserve or New Connecticut.<sup>130</sup> Without waiting for Connecticut's cession of her claims Congress had provided by an ordinance passed in May, 1785, for the survey and sale of its public domain lying in the West.

Two ineffective attempts to settle the western territory prior to 1785 deserve attention because of their plans to provide for the support of education. In 1783, Rufus Putnam,

**Early Plans to Settle Western Territory and Secure Educational Land Grants. New England Company's Plan**

Col. Timothy Pickering and other New Englanders undertook to form a new state for American veteran soldiers and their families. The state was to be located between the Ohio river and Lake

Erie. Colonel Pickering drew up a plan of government and Putnam prepared a petition to Congress for permission to plant a colony. The importance of this petition is that it contains the first suggestion of a policy of federal land reservation for the support of education.

In the same year, 1783, Colonel Bland of Virginia made a motion in Congress to accept Virginia's cession of western lands on the terms offered by the state. In this motion it was proposed that the land thus ceded should be laid

<sup>125</sup> *Journals of Congress*, VII, pp. 46-48.

<sup>126</sup> *Journals of Congress*, IX, pp. 67-70.

<sup>127</sup> *Acts and Laws of Mass.*, 1783-89, pp. 218, 273-274.

<sup>128</sup> *Journals of Congress*, XI, pp. 221-223.

<sup>129</sup> *Encyclopædia Britannica*, Vol. XVII, p. 758.

<sup>130</sup> Report Conn. Board of Education, 1853, p. 63.

out in definite districts, each of which was to become a state as soon as it contained twenty thousand inhabitants. In these districts bounty lands were to be given to continental soldiers. The motion further provided that Congress should reserve one-tenth of the territory and appropriate the income derived from the sale to several specific objects, one of which was the founding of seminaries of learning.<sup>131</sup>

As noted above, after Virginia had ceded her claim to the western territory, the federal possession of the western lands was considered assured. Congress therefore felt called upon to consider plans for their survey, sale and government. Thomas Jefferson prepared a plan for the government of this western territory. His plan was adopted April 23, 1784. It contained no provision for the support of education. This plan, however, was intended for the temporary government only.

On May 20, 1785, Congress adopted an ordinance which provided the manner of survey and of sale of the western lands. The ordinance reads in part as follows:

**Ordinance of 1785.  
Origin of Federal  
Grants of Section  
Sixteen for Schools**

"An ordinance for Ascertaining the Mode of Disposing of Lands in the Western Territory.

"Be it ordained by the United States in Congress assembled, That the territory ceded by the individual states, to the United States, which has been purchased of the Indian inhabitants shall be disposed of in the following manner: A surveyor from each state shall be appointed by Congress or a committee of the states, who shall take an oath for the faithful discharge of his duty, before the geographer of the United States, who is hereby empowered and directed to administer the same; and a like oath shall be administered to each chain carrier by the surveyor under whom he acts.

"The surveyors . . . shall proceed to divide the said territory into townships of six miles square, by lines running due north and south, and others crossing these at right angles, as near as may be.

"The geographer shall designate the townships or fractional parts of the

<sup>131</sup> George W. Knight, *History and Management of Land Grants for Education in the Northwest*, p. 8 (Apud I, Bancroft, Appendix).

townships by numbers progressively from south to north; always beginning each range with No. 1. . . .

" . . . . The townships respectively shall be marked by subdivisions into lots of one mile square, or 640 acres, in the same direction as the external lines and numbered from 1 to 36."

Here follow provisions regarding the mode of sale; one of which reads:

"There shall be reserved for the United States out of every township, the four lots being numbered 8, 11, 26, 29 . . . for future sale. There shall be reserved the lot No. 16, of every township, for the maintenance of public schools within the said township."<sup>132</sup>

The adoption by Congress of the plan contained in the ordinance of 1785 cut short the dreams of the company headed by Colonel Pickering and Rufus Putnam. Nevertheless, Putnam and Benjamin Tupper organized a new company, known as the Ohio Company, with purposes quite similar to those of the old New England company. On July 5, 1787, Manasseh Cutler, one of the directors of the Ohio Company, arrived in New York where Congress was in session, and opened negotiations in behalf of the Ohio Company for the purchase of a large tract of land. The prospect of such a large sale made it incumbent upon Congress to make further provision for the government of the western territory. The *Journals of Congress*, which record the passing of this ordinance, read as follows:

"According to order, the ordinance for the government of the territory of the United States northwest of the River Ohio was read a third time and passed as follows:

"An ordinance for the Government of the Territory of the United States, North West of the River Ohio."

This is a long ordinance covering nine pages and providing for the government of this region. Pages 90-93 read in part as follows:

"It is hereby ordained and declared by the authority aforesaid, that the following (six) articles shall be considered as articles of compact between

<sup>132</sup> *Laws of United States of America*, 1789-1815, Vol. I, Chap. 32, pp. 563-569.

the original states and the people and states in the said territory, and forever remain unalterable, unless by common consent, to wit:

"Article the first. . . .

"Article the second. . . .

"Article the third. Religion, morality and knowledge, being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged. . . ." <sup>133</sup>

The rest of this article is taken up with provisions regarding the Indians. The original ordinance makes no reservation of lands for education, but in the contracts for the sale of lands made thereafter, lot 16 was set aside in each township for schools and two townships for a university.

It will be seen that this ordinance of 1787 contains no general nor specific provision for the reservation of lands for education.

**Ordinance of 1787** Article III, frequently quoted as the source of our  
**Not the Origin of** national land policy, might mean much, little or  
**Federal Land** nothing. The benevolent school land policy  
**Grants for Schools** adopted by Congress, and which has frequently and erroneously been attributed to this ordinance, cannot be found here. Indeed, the action of Congress during the next ten days would seem to indicate that it deserved little of the praise which has ever since been heaped upon it. The ordinance of 1785 and the contract for the sale of western territory are the two instruments out of which the federal policy of reserving lands for educational institutions arose.

The Ohio Company originally asked for the following reservations, i. e., gifts of land from Congress: one lot in each township for the support of schools, one for the ministry, four townships for the support of an institution of higher learning. Congress objected to these demands and did not come to terms until Dr. Cutler submitted an ultimatum. In this he repeated the original demands of the Ohio Company, save that he now asked for two instead of four townships for an institution of higher education. Cutler's threat to buy lands of some individual state, added to

**Federal Land**  
**Reservations for**  
**Schools and**  
**Religion in Ohio**  
**Company's**  
**Contract 1787**

<sup>133</sup> Ibid., 1787, p. 90; Ibid., pp. 221 ff.



Congress' pressing need for money, resulted in the passage of an ordinance which authorized the board of treasury to contract for the sale of lands on the terms and with the reservations demanded by the company. This ordinance was passed July 23, 1787. Four days later it was modified slightly upon the insistence of Dr. Cutler. As passed on July 23, it reads in part as follows:

"Powers to the board of treasury to contract for the sale of western territory."

(It is provided,)

"That the Board of Treasury be authorized and empowered to contract with any person or persons for a grant of a tract of land . . . upon the following terms . . . : The purchaser or purchasers, within seven years from the completion of this work, to lay off the whole tract at their own expense into townships and fractional parts of townships, and to divide the same into lots, according to the land ordinance of the 20th of May, 1785;

"(1) Complete returns whereof to be made to the Treasury Board. The lot No. 16, in each township or fractional part of a township, to be given perpetually for a purpose contained in the said ordinance. The lot No. 29 in each township or fractional part of a township, to be given perpetually for the purposes of religion.

"(2) The lots Nos. 8, 11 and 26, in each township or fractional part of a township, to be reserved for the future disposition of Congress. Not more than two complete townships to be given perpetually for the purposes of an university, to be laid off by the purchaser or purchasers as near the center as may be, so that the same shall be of good land, to be applied to the intended object by the legislature of the state. The price to be not less than one dollar per acre for the contents of the said tract, excepting the reservations and gifts aforesaid."<sup>134</sup>

The next large purchase of land was made by John Cleve Symmes, who, in the year 1787, made a contract with the board of treasury which later resulted in a purchase of over three hundred eleven thousand (311,682) acres of Federal Land Reservations for Schools and Religion in Symmes' land in Ohio.<sup>135</sup> Symmes' contract reserved lands for schools, religion, and one township for an institution of higher education.

<sup>134</sup> *United States Land Laws*, 1838, pp. 24-25.

<sup>135</sup> "Educational Land Policy of the United States," Barnard's *American Journal of Education*, Vol. 28, pp. 929-938.

Lot 29 for the support of the ministry was granted by the United States in no instances except in land purchased by the Ohio Company and by Symmes.

The figures given below show the method of surveying lands in conformity with the provisions of the ordinance of 1785. The lands surveyed are divided into townships six miles square. It will be seen that for the boundaries of the townships, north-and-south and east-and-west lines must be secured. In order to get a point from which to start these lines it is necessary to designate certain meridians as principal meridians, and certain parallels as base-lines. A meridian-line is an arbitrary line selected by the surveyor and may be anywhere in the state. In some states we find several principal meridians, in others only one. Beginning with any principal meridian the townships are numbered east and west from it by tiers, the first tier east being called range one, east; and the first tier west being called range one, west. The townships are numbered in the same manner both north and south from the base line. Any township may, therefore, be easily described and located, thus: Township 3 N., Range 2 W. of the first principal meridian. Owing to the convergence of meridians the townships become narrower as one proceeds northward from the base-line. It therefore becomes necessary to run correction lines to be used as new base-lines. Each township is supposed to be six miles square and is divided into thirty-six sections, numbered as in figure 2. Each section contains six hundred forty acres. Figures 1 and 2 show the method of surveying and the division of the township into sections.

It might be well to point out some of the more important forces which originally influenced Congress in making reservations of land for schools. These forces may be summarized as follows: (1) the example set by states, such as Connecticut and Massachusetts and others, of reserving sections for schools in newly surveyed townships, (2) interest in the cause of education, (3) the need of selling the western lands, (4) the desire to make westward emigration attractive. Massachusetts, in 1788, for the sake of encouraging settlement in her eastern

**Congressional  
System of Survey  
and Reservation of  
School Sections**

**Causes of Federal  
Land Grant Policy**

territory, had provided for the reservation of school lands. In Chapter II it was pointed out what Connecticut and New York did

FIGURE 1.

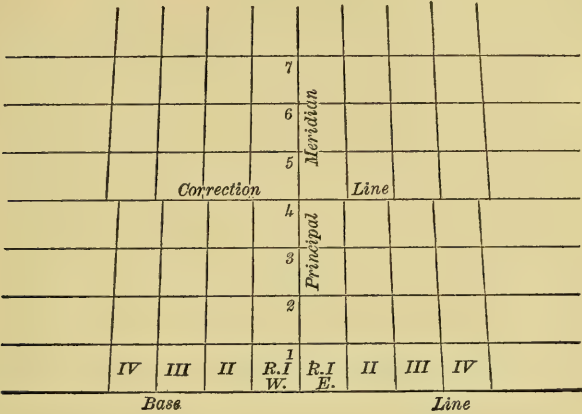


FIGURE 2.—SIX MILES SQUARE.

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

FIGURE 3.—ONE MILE SQUARE.

NW $\frac{1}{4}$	N $\frac{1}{2}$ NE $\frac{1}{4}$
	SE $\frac{1}{4}$ NE $\frac{1}{4}$
S $\frac{1}{2}$	

in this same direction. The efforts of the original states to provide schools, which have been described, suggest something of the public interest respecting education. Nevertheless it must be admitted

that, although in certain localities and with certain individuals, free education was regarded as necessary for the commonwealths, there was a long period of struggle and experimentation to be passed through, before the public mind was ready to accept the principle underlying the establishment of free schools. Certain men in Congress in 1785 and 1787 were deeply interested in the cause of public education. On the other hand, it must be evident from the difficulties which Dr. Cutler experienced in obtaining his demands, that it was the need of selling the western lands which led Congress to make the reservations for schools and universities. Emigration westward had been slow and Congress had become discouraged. It was for the sake of offering an offset to the hardships of the wilderness that Congress consented to make provision for schools.

The reservation of sections for common schools arose out of the ordinance of 1785. The land reservation which arose from the

ordinance of 1787 is the reservation of townships for the benefit of an institution of higher learning. No general policy was declared or provided for in either of these ordinances. The educational provisions of the land ordinances and of the powers of the treasury were purely specific in their application. The second related only to the territory ceded by individual states and purchased by the United States of the Indians; the first only to the sale of land made to the Ohio Company.<sup>136</sup> Nevertheless, the principle which had been expressed in the ordinance of 1785 and in the sale contracts of 1787 became a precedent for the federal Government, and in every public-land state admitted into the Union at least one section in every township, or an equivalent in land or scrip, has been granted for the use of schools, and at least two townships for an institution of higher learning. Ohio received three townships for an institution of higher learning; Florida, Minnesota, and Wisconsin, four each; and Utah seven.<sup>137</sup>

Precedent established by Ordinances of 1785 and 1787

<sup>136</sup> Hinsdale, B. A., *Documents Illustrative of American Educational History*, Report of U. S. Commissioner of Education, 1892-93, p. 1270.

<sup>137</sup> Report of U. S. Commissioner of Education, 1867-68, p. 68.

Tennessee was the first state to be admitted into the Union in which the federal Government owned lands. But no federal grant of lands for schools was made to this state until 1806, ten years after its admission. Consequently the first state in which section sixteen was granted for the support of schools was Ohio. The grant originally offered to her in the enabling act of 1802 reads as follows:

First State to  
Receive Section  
Sixteen, Ohio, 1802

"An act to enable the people of the eastern division of the territory north-west of the River Ohio, to form a constitution and state government, and for the admission of such into the Union, on an equal footing with the original states, and for other purposes.

"Sec. 1. Be it enacted, etc. . . .

"Sec. 7. That the following propositions be and the same are hereby offered to the convention of the eastern state of the said territory when formed, for their free acceptance or rejection; which, if accepted by the convention, shall be obligatory upon the United States.

"First. That the section numbered sixteen in every township, and where such section has been sold, granted or disposed of, other lands equivalent thereto, and most contiguous to the same shall be granted to the inhabitants of such township for the use of schools.

"Second. That [certain salt springs and lands be granted to the state] for the use of the people thereof, the same to be used under such terms . . . and regulations as the legislature of the said state shall direct. . . .

"Third. [That one-twentieth part of the net proceeds of the lands lying within the said state sold by Congress from and after June 30, 1802, be] applied to laying out and making public roads.

"Provided always, that the three foregoing propositions herein offered are on the condition that the convention of the said state shall provide by an ordinance, irrevocable without the consent of the United States, that every and each tract of land sold by Congress, from and after the 30th day of June next, shall be and remain exempt from any tax laid by order, or under authority of the state, whether for state, county, township, or any other purpose whatever, for the term of five years, from and after the day of sale." 138

It will be seen from the above quotation that Congress offered to the people of the state about to be formed, certain grants of land including section sixteen, salt lands and a certain per centum of the net proceeds of the land sold by Congress after the admission of the state. These propositions were offered upon certain stated

<sup>138</sup> *Laws of the United States of America, 1789-1815*, Chap. 300, pp. 496-498.



conditions, viz., that the lands sold by Congress should be free from all state, county, and township taxes. The grant made in the above act provided no school lands for a large portion of the state.

Over eleven million acres of land within Ohio, more than one-fourth of the land area of the state, were included in the Ohio Company's purchase, the Symmes purchase, the Virginia Military Reserve, the Connecticut Western Reserve, the United States Military Reservation, and miscellaneous grants made by the federal Government to corporations, individuals, and Ohio. The grant of the section numbered sixteen to the inhabitants of each township did not apply to these lands. Over seven million acres of land in Ohio, exclusive of Virginia's Military Reservation, one-third of the state, was totally unprovided for, while the remainder was given one thirty-sixth of the land owned by the United States, to aid in supporting public schools. It was not to be expected that the people of Ohio would be satisfied to accept propositions manifestly so inequitable.\* Of all these reservations, grants, and sales, the sales to the Ohio Company and to Symmes, together equal to about 1,200,000 acres, were the only ones in which section sixteen or other sections had been reserved for schools. Consequently there were more than nine million acres within the state in which no school lands had been reserved.<sup>139</sup>

The constitutional convention of Ohio passed an ordinance and resolution on November 29, 1802, making provision for the grant of school lands to those sections of the state which had been left unprovided for.

Congress, by an act passed March 3, 1803, accepted the "Modifications and additions" proposed by Ohio and admitted Ohio as a state. As a result of this act land equal approximately to one thirty-sixth their area was granted for schools to all portions of the state not affected by the sixteenth section grant.

\* For a fuller description of the areas not included under the sixteenth section grant and for an account of the school lands subsequently granted for them, consult account of Ohio Irreducible Debt, Part II, Chapter XLIII.

<sup>139</sup> Barnard, *Amer. Jour. of Ed.*, Vol. 28, p. 933; Chase, *Statutes of Ohio*, pp. 74-75.

The question involved in the Ohio controversy was a far-reaching one and one which might be met with upon the admission of a state wherein lands had been settled upon, which, upon survey, proved to fall within section sixteen.

**Congress Makes General Provision for Grant of School Lands in Lieu of Section Sixteen**

In 1826 Congress, by an act entitled "An act to appropriate lands for the support of schools in certain townships and fractional townships, not before provided for," made general provision for all such cases. Section one of this act provided that:

"There shall be reserved and appropriated, for the use of schools in each entire township, or fractional township, for which no land has heretofore been appropriated or granted for that purpose, the following quantities of land, to-wit, for each township or fractional township containing a greater quantity of land than three-quarters of an entire township, one section; for a fractional township containing a greater quantity of land than one-half, and not more than three-quarters of a township, three-quarters of a section; for a fractional township containing a greater quantity of land than one-quarter, and not more than one-half of a township, one-half section; and for a fractional township containing a greater quantity of land than one entire section and not more than one-quarter of a township, one-quarter section of land."<sup>140</sup>

The policy which Congress had adopted of granting lands for schools to the Northwest Territory was soon extended to the South.

**Congressional Land Grant Policy Extended South, 1803**

On December 27, 1789, North Carolina had ceded to the United States the sovereignty and territory of all lands within the present limits of Tennessee.

In 1796 Tennessee was admitted into the Union, but the federal Government retained the title to the public lands within the new state, and it was not until 1806 that Tennessee received a grant of public lands. Between 1796 and 1806 much of the public land had been taken up by settlers. In this latter year the United States granted to Tennessee the public lands lying within the state on which the Indian title had become extinct.<sup>141</sup> Thereupon, the state passed an act requiring that newly acquired lands should be surveyed and laid out "so as to form sections as near six miles square

<sup>140</sup> *Statutes at Large*, Vol. IV, p. 179.

<sup>141</sup> Report Tenn. Supt. Public Instruction, 1891, pp. 24-26; *Laws of Tenn.*, 1806, Chap. I, Secs. 1-6.

as the case will admit" and that six hundred forty acres fit for cultivation should be laid off in each such six mile square division and "appropriated for the use of schools for the instruction of children forever." It will be seen that the policy pursued with respect to Tennessee differed from that pursued with the western states, in which school sections were reserved throughout the entire area during the territorial period and granted to the state upon its admission to the Union.

From this time until 1848, in every newly surveyed congressional township, one section was granted for the support of schools.

In 1846 the commissioner of the land office, and  
 Two Sections  
 Granted for Com-  
 mon Schools, 1848  
 in 1847 the Secretary of the Treasury had each recommended an increased grant of school lands to the new states and territories. In the first session of the thirteenth congress, February 15, 1848, when the question was being put on the passage of the bill concerning the admission of Wisconsin into the Union, John A. Rockwell, a member of the house of representatives, from Connecticut, moved an amendment granting section thirty-six in each township in addition to section sixteen for schools. This amendment was rejected by a vote of eighty to fifty-eight. In the act establishing the territorial government for Oregon in August, 1848, and in the act for Minnesota, approved March 2, 1849,<sup>142</sup> it was provided that sections numbered sixteen and thirty-six of each township should be reserved for the use of schools.

The Oregon act reads:

"An Act to Establish the Territorial Government of Oregon. Approved August 14, 1848.

"Sec. 20. That when the lands in the said Territory shall be surveyed under the direction of the Government of the United States, preparatory to bringing the same into market, sections numbered 16 and 36 in each township in said Territory shall be, and the same are hereby, reserved for the purpose of being applied to schools in said Territory, and in the States and Territories hereafter to be erected out of the same."<sup>143</sup>

This was the first act appropriating two sections for the support

<sup>142</sup> An Act to establish the territorial government of Minnesota, Sec. 18; Statutes of Minnesota, 1849-58, p. xl.

<sup>143</sup> *Statutes at Large*, Vol. IX, p. 330.

of schools. The first state to receive two sections of each township was California, admitted September 9, 1850; the second, Minnesota, admitted May 11, 1858; the third, Oregon, admitted February 14, 1859.

While Congress had been bestowing millions of acres of lands upon every new public land state, with the exception of Virginia, Connecticut and Tennessee, it had done nothing for any of the original states or the states carved out of them. Yet by the resolution of 1780, already referred to, Congress had given its pledge that the western lands should be disposed of for the benefit of all. It is not surprising, therefore, that some of the eleven original states unprovided with federal lands, should have made an earnest effort to secure some of them.

In 1821 Maryland passed resolutions stating that all of the states had equal rights in the public lands, and that those for whom no appropriations had been made were entitled to such appropriations. The resolutions read as follows:

“Resolved, by the general assembly of Maryland, That each of the United States has an equal right to participate in the benefit of the public lands, the common property of the Union.

“Resolved, That the States in whose favor Congress have not made appropriations of land for the purpose of education, are entitled to such appropriations as will correspond, in a just proportion, with those heretofore made in favor of the other States.”<sup>144</sup>

Copies of these resolutions were transmitted to Congress and to the governors of the several states with a request that they submit them to their respective legislatures.

Governor Hester of Pennsylvania, in 1821, urged the legislature of his state to consider the question of uniting with other of the original states in demanding of the federal Government an equitable proportion of the public lands for the support of schools.<sup>145</sup> Connecticut, New Hampshire, Vermont, and Virginia indorsed Maryland's resolutions. Massachusetts reported unfavorably upon them.

<sup>144</sup> Report U. S. Commissioner of Education, 1892-93, Vol. II, p. 1274.

<sup>145</sup> J. P. Wickersham, *History of Education in Pennsylvania*, p. 268.

New York drew up and accepted a counter report. Ohio adopted "a long and carefully prepared reply." Here the matter ended.<sup>146</sup>

The states in which section sixteen was not reserved for schools are as follows: The thirteen original states, Indian Territory (admitted with Oklahoma in 1907), Kentucky, States not  
Receiving Section  
Sixteen Maine, Tennessee, Texas, Vermont, and West Virginia. Kentucky, Maine, Vermont, and West Virginia, like the thirteen original states, contained no public land. The case of Tennessee has been explained in a preceding paragraph. The Republic of Texas retained the title to her public lands upon her admission into the Union. On July 26, 1839, she had provided for a reservation of three Spanish leagues, thirteen thousand two hundred and eighty-four acres in each county for the support of schools. In 1840 this county grant was increased to four leagues, or 17,712 acres. Owing to these two facts Congress was neither able nor called upon to grant lands to Texas for the support of schools, and, as pointed out in Chapter I, of this part, Texas to-day possesses the largest permanent fund of any state in the Union.\* All the land in Indian Territory belonged to members of Indian tribes, and Congress had no authority to reserve any of it for schools. In place of the usual grant of land Congress appropriated five million dollars which became a part of the permanent school fund upon the territory's admission into the Union with Oklahoma.†

Table X presents the states which received no federal grants or appropriations for common schools.

Table XI shows the area of the land reserved by Congress in the states in which section sixteen or sections sixteen and thirty-six in each township were donated for common schools. The areas given here are taken from the tables last published by the federal land office, issued in 1896. The areas are evidently estimates. In the separate accounts in Part III will be found statements of

\* Cf. separate accounts given for each of these states in Part II.

† Letter to F. H. Swift, September 13, 1906, from Fred L. Warner, Secretary of (Oklahoma) Board for Leasing School Lands.

<sup>146</sup> Bernard C. Steiner, *History of Education in Maryland*, pp. 56-57.



the area each state actually received, where this has been ascertainable. Some states have not yet completed the survey of their lands and in others the area reported from year to year varies. In view of these and certain other facts it seems best to abide here by the area given in the federal tables which, though subject to modification, will answer sufficiently for a general comparison.

TABLE X. STATES WHICH RECEIVED NO FEDERAL GRANTS FOR COMMON SCHOOLS

<i>Thirteen Original States</i>			<i>Admitted</i>
Connecticut	New Hampshire	Pennsylvania	Vermont . . . . . 1791
Delaware	New Jersey	Rhode Island	Kentucky . . . . . 1792
Georgia	New York	S. Carolina	Maine . . . . . 1820
Maryland	N. Carolina	Virginia	W. Virginia . . . . . 1863
Massachusetts			Texas . . . . . 1845

TABLE XI. AREA OF TOWNSHIP SECTIONS GRANTED FOR COMMON SCHOOLS \*

## Group I. States Receiving Section No. 16

	<i>Acres</i>	<i>Date of Grant <sup>a</sup></i>
Alabama . . . . .	901,725	Mar. 3, 1803
Arkansas . . . . .	928,057	June 23, 1836
Florida . . . . .	1,053,653	Mar. 3, 1845
Illinois . . . . .	985,141	Apr. 18, 1818
Indiana . . . . .	601,049	Apr. 19, 1816
Iowa . . . . .	978,578	Mar. 3, 1845
Louisiana . . . . .	798,085	Apr. 21, 1806; Feb. 15, 1843
Michigan . . . . .	1,003,573	June 23, 1836
Mississippi . . . . .	838,329	Mar. 3, 1803; May 19, 1852; Mar. 3, 1857
Missouri . . . . .	1,162,137	Mar. 6, 1820
Ohio . . . . .	710,610	Mar. 3, 1803
Wisconsin . . . . .	958,649	Aug. 6, 1846

\* Taken from p. 4, *Tables of State Grants of Public Lands*, issued by federal land office, March 12, 1896. G. F. Pollock, acting commissioner, stated in letter, August 27, 1906, that no tables of state land grants had been compiled since 1896.

<sup>a</sup> From Report of U. S. Commissioner of Education, 1892-93, II, p. 1283.

## Group II. Territories and States Receiving Sections Nos. 16 and 36

	<i>Acres</i>	<i>Date of Grant</i>
Arizona . . . . .	4,050,346	May 26, 1864
California . . . . .	5,610,702	Mar. 3, 1853
Colorado . . . . .	3,715,555	Mar. 3, 1875
Idaho . . . . .	3,063,271	Mar. 3, 1863
Kansas . . . . .	2,876,124	Jan. 29, 1861
Minnesota . . . . .	2,969,991	Feb. 26, 1857
Montana . . . . .	5,102,107	Feb. 28, 1861
Nebraska . . . . .	2,637,155	Apr. 19, 1864
Nevada . . . . .	(3,985,422) 2,000,000†	Mar. 21, 1864
New Mexico . . . . .	4,309,369	Sept. 9, 1850
North Dakota . . . . .	2,531,200	Mar. 2, 1861
Oklahoma . . . . .	1,276,204	
Oregon . . . . .	3,387,520	Feb. 14, 1859
South Dakota . . . . .	2,813,511	Mar. 2, 1861
Washington . . . . .	2,488,675	Mar. 2, 1853
Wyoming . . . . .	3,368,924	July 25, 1868

## Group III. State Receiving Sections Nos. 2, 16, 32, and 36

	<i>Acres</i>	<i>Date of Grant</i>
Utah . . . . .	6,007,182	Sept. 9, 1850

Group IV. Indian Territory received \$5,000,000 grant from Congress in lieu of the usual land donations. See account given above and in Part II. Texas and Tennessee also present special cases.

Of all federal lands which have been employed by the states to establish permanent common school funds, the sixteenth and thirty-sixth sections have contributed the most.

**Salt Lands**

However, no inconsiderable portion of these funds has been derived from lands gained from grants, given, in many instances, for particular objects other than schools but under such terms that it was possible for the state to devote the proceeds to

† In place of this original congressional grant Nevada accepted 2,000,000 acres of land, with the privilege of selecting any unappropriated lands whether lying within sections 16 and 36 or not. (*Report Nevada State Land Register, 1905, 1906, pp. 8, 14.*)

education. In other cases Congress has simply granted lands without specifying the object to which they were to be devoted. In granting Ohio salt lands and a certain per centum of the proceeds of the public lands sold after the state's admission into the Union, Congress provided two sources of money which have contributed to permanent common school funds in many states.

According to the last federal tables, thirteen states have received grants of salt and contiguous lands, commonly spoken of as saline lands, the total area of which amounts to 606,045 acres.<sup>147</sup> Arkansas, Indiana, Missouri,<sup>148</sup> and Ohio are among the states which have devoted the proceeds of saline lands to their permanent common school funds. The acreage of saline lands granted to these five states is as follows: Ohio, 24,216 acres; Indiana, 23,040 acres; Arkansas, 46,080;<sup>149</sup> Missouri and Nebraska<sup>150</sup> each 46,080.

Ohio, the first state to receive the grant of saline lands has made the proceeds of them a part of the Irreducible Debt, which she established in place of creating a permanent common school fund.<sup>151</sup>

A congressional act enabling the territory of Indiana to form a constitution, granted to the state all salt springs within the territory and land reserved for the use of the same with such other land as the President of the United States may deem necessary for the proper working of the salt springs, not exceeding thirty-six sections.<sup>152</sup> In 1832 the legislature of Indiana petitioned Congress for permission to sell these lands. Congress granted the request upon two conditions: (1) that the land be sold at not less than one dollar and twenty-five cents per

<sup>147</sup> Tables. State Land Grants of Public Lands, Gen. Land Office, March 12, 1896, p. 8.

<sup>148</sup> Laws of Missouri, 1837, Act passed Feb. 6.

<sup>149</sup> Answers returned Sept. 7, 1906, by John Hineman, Ark. State Supt. Public Instruction.

<sup>150</sup> Data furnished Sept. 1, 1906, by Neb. Supt. Pub. Inst.

<sup>151</sup> Ohio School Law, 1898, Sec. 3952. See also account of Ohio fund given in Part II.

<sup>152</sup> Boone, R. G., *History of Education in Indiana*, p. 181.

acre; (2) that the proceeds be applied to education. By a special Act, 1834, the proceeds of the saline lands were regarded as a permanent fund known as the Saline Fund, the income of which was devoted to schools. In 1851, the Saline Fund became a part of the Common School Fund by the provisions of the new constitution. The total proceeds of the saline lands were \$89,478.47.

By reference to the Ohio Enabling Act, quoted above, it will be seen that in the case of Ohio, Congress left it to the option of the state to determine what use should be made of the proceeds of the saline lands. But in the case of Indiana, although at first Congress appears not to have specified the object, yet when the state applied for the right to sell these lands, Congress required that their proceeds should be devoted to education. This illustrates a general tendency evident in the acts of Congress with respect to lands granted to the states. At first it was left largely to the state to determine the mode of disposing of these lands, and the objects to which their proceeds were to be devoted, but as time went on the provisions of Congress became more and more specific and exacting.

In 1841 Congress passed an act granting five hundred thousand acres of land to each of the following states: Alabama, Arkansas, Illinois, Indiana, Louisiana, Michigan, Mississippi, and Missouri for internal improvement. The objects to which the act empowered the states to apply the net proceeds of the sales of these lands were as follows: roads, railways, bridges, canals, improvement of waterways, and drainage of swamps. The lands were granted on condition that the states should grant free transportation for United States mail, United States troops, and war supplies. The act provided that similar land grants should be extended to all states admitted subsequently to the passage of the act. The act reads:

“An act to appropriate the proceeds of the sales of the public lands and to grant preëmption rights.

“Sec. 8. And be it further enacted,

“That there shall be granted to each state specified in the first section of this act five hundred thousand acres of land for purposes of internal improve-

ment. Provided, that to each of the said states which has already received grants for said purposes, there is hereby granted no more than a quantity of land which shall, together with the amount such state has already received as aforesaid, make five hundred thousand acres, the selections in all of the said states to be made within their limits respectively, in such manner as the legislature thereof shall direct; and located in parcels conformably to sectional divisions and subdivisions, of not less than three hundred twenty acres in any one location, on any public land except such as is or may be reserved from sale by any law of Congress or proclamation of the President of the United States, which said locations may be made at any time after the lands of the United States in said states respectively, shall have been surveyed according to existing laws. And there shall be and hereby is, granted to each new state that shall be hereafter admitted into the Union, upon such admission, so much land as, including such quantity as may have been granted to such state before its admission, and while under a territorial government, for purposes of internal improvement as aforesaid, as shall make five hundred thousand acres of land, to be selected and located as aforesaid.

"Sec. 9. And be it further enacted,

"That the lands herein granted to the states above named shall not be disposed of at a price less than one dollar and twenty-five cents per acre, until otherwise authorized by a law of the United States, and the net proceeds of the sales of said lands shall be faithfully applied to objects of internal improvement within the states aforesaid, respectively, namely: Roads, railways, bridges, canals and improvements of water courses and drainage of swamps, when made or improved shall be free for the transportation of the United States mail, and munitions of war, and for the passage of their troops, without the payment of any toll whatever." <sup>153</sup>

Nineteen states have received grants of land under the Act of 1841, amounting to nine million five hundred thousand acres of land.<sup>147</sup> Five, at least, have devoted internal

States Devoting  
Internal Improve-  
ment Lands to  
Permanent School  
Funds

improvement lands to the permanent common school fund. California regarded the sixteenth and thirty-sixth section lands as belonging to the townships<sup>154</sup> and created her first permanent state fund for the support of common schools from the proceeds of the sales of the five hundred thousand acres of internal improvement lands which the state received upon her admission into the Union in 1850.

<sup>153</sup> *U. S. Statutes at Large*, Vol. V, Chap. 16, approved Sept. 4, 1841.

<sup>154</sup> Report Cal. State Supt. Public Instruction, 1864-65, p. 249.



Iowa in 1846,<sup>155</sup> Wisconsin in 1849,<sup>156</sup> Oregon in 1859,<sup>157</sup> Kansas in 1861,<sup>158</sup> and Nevada in 1864,<sup>159</sup> each by its constitution adopted in years just named, united its internal improvement lands with the township section lands in the establishment of a permanent common school fund managed by the state. Kansas, however, failed to enact laws to carry out the provisions of her constitution respecting these lands, so that their proceeds were never added to the state permanent school fund.<sup>160</sup>

As early as 1825, North Carolina created a permanent common school fund, known as the Literary Fund. Among the several sources named from which this fund was to be derived, were included all vacant unappropriated swamp lands in the state. It need scarcely be stated that these were state and not federal lands. By an Act of Congress passed in 1850, supplemented by later legislation, swamp lands amounting in all to over eighty million acres have been granted to fifteen states.<sup>147</sup>

"The swamp land grant is an indefinite grant since it is of all the swamp and overflowed lands rendered thereby unfit for cultivation and remaining unsold at the date of the grant. The acreage given in this table [Table XII, p. 66] represents the lands claimed up to this time; as there is no limit to the quantity the state may claim in the future, the true amount granted cannot be stated."<sup>161</sup>

The full force of this statement taken from the federal report is clearly shown in the grant made to Arkansas which follows:

"An act to enable the state of Arkansas and other states to reclaim the swamp lands within their limits.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, to enable the state of Arkansas to construct the necessary levees and drains to reclaim the swamp and over-

<sup>155</sup> Constitution of Iowa, 1846, Art. IX, Sec. 2, p. 3.

<sup>156</sup> Constitution of Wisconsin, Art. X, Sec. 2.

<sup>157</sup> Constitution of Oregon, 1859, Art. VIII, Sec. 2.

<sup>158</sup> Constitutional Ordinance, Secs. 1, 6, 7, Gen. Laws of Kan., 1861, p. 46.

<sup>159</sup> Constitution of Nevada, 1864, Art. XI, Sec. 3.

<sup>160</sup> Kansas School Law, 1905, p. 5.

<sup>161</sup> Tables. State Grants of Public Lands, Gen. Land Office, Mar. 12, 1896, p. 9.

flowed lands therein, the whole of these swamp and overflowed lands, made unfit thereby for cultivation, which shall remain unsold at the passage of this act, shall be and the same are hereby, granted to said state.

"Sec. 4. *And be it further enacted*, That the provisions of this act be extended to, and their benefits be conferred upon, each of the other states of the Union in which such swamp and overflowed lands, known and designated as afore-said, may be situated."<sup>162</sup>

It would appear that the following states provide or have provided for devoting a part or all of the proceeds derived from the sale of swamp lands to the support of common schools: Alabama, Florida, Illinois, Indiana, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Ohio, Oregon, and Wisconsin. The method by which the proceeds of these lands have been devoted to the principal of permanent common school funds differs considerably. Wisconsin provides that five per cent of the proceeds of the sales of federal public lands lying within the state shall be added to the principal of the school fund. Florida provides that twenty-five per cent of the proceeds of the sales of public land, now or hereafter owned by the state, should be added to the principal of the state school fund.<sup>163</sup> These are general provisions applying to all lands received from the federal Government, save school lands, and therefore necessarily include swamp lands.

Some states make specific provision that a certain per cent of all the proceeds of swamp lands shall be added to the principal of the permanent Common School Fund; Oregon adds ten per cent to her Common School Fund.<sup>164</sup> Illinois added largely to the permanent County School Funds established in 1835, from the proceeds of the sales of swamp lands. In 1868 Missouri made provision for making permanent the County School Funds established in 1839, and in doing so devoted the proceeds of the sales of 3,185,479 acres of swamp lands to those funds.\*

\* See accounts given for each state in Part II.

<sup>162</sup> *U. S. Statutes at Large*, Vol. IX, Chap. 84, p. 519.

<sup>163</sup> Constitution of Florida, Art. XII, Sec. 4.

<sup>164</sup> School Laws of Oregon, 1897, p. 47, Title XIII, Sec. 21.

Minnesota, by Chapter V, General Laws, 1865, directed that 525,000 acres of swamp lands be reserved for the support of certain state educational and charitable institutions. An amendment to the state constitution, adopted in 1881, article 8, section 2, provided that one-half of all swamp lands then held, or which might thereafter accrue to the state, shall be appropriated to the "Common School Fund," and one-half to the state educational and charitable institutions; the principal of the funds derived from the sales of such swamp lands to be forever preserved inviolate and undiminished. Not until 1907, however, was an act passed which resulted in making these constitutional provisions effective. Since 1907, however, Minnesota has distributed to the common schools of the state one-half the income of the swamp land fund together with that of the Permanent School Fund. As the result of this act, Minnesota has established a second permanent public common school fund. In 1908 the invested principal of one-half the Swamp Land Fund, amounted to \$621,636.17, and the interest on the same to \$18,637.16.<sup>164a</sup>

The constitution of Indiana, 1851, provided that the surplus of the proceeds of swamp lands remaining after the expenditure of the amount necessary for the reclaiming of the lands should be added to the principal of the common school fund.<sup>165</sup> In 1890 it was estimated that eight hundred fifty thousand dollars was due to the common school fund from this source, but owing to the dishonesty of swamp land commissioners, and to insufficient legislation, nothing had been added.<sup>166</sup> Mississippi, in her constitution of 1868, provided that the proceeds of swamp lands, with certain specific exceptions, should constitute a part of the Common School Fund.<sup>167</sup> Alabama had disposed of her swamp lands in a similar way in her

<sup>164a</sup> Data supplied to F. H. Swift by Minnesota Auditor's Department, Dec. 28, 1908; also Advance Report from Biennial Report, 1907-08, Minnesota State Auditor, p. ix.

<sup>165</sup> Constitution of Indiana, 1851, Art. VIII, Sec. 2.

<sup>166</sup> Report Ind. Supt. Public Instruction, 1866, p. 73; Boone, R. G., *History of Education in Indiana*, p. 200.

<sup>167</sup> Constitution of Mississippi, 1868, Art. VIII, Sec. 6.

constitution of the same year.<sup>168</sup> Ohio has included the proceeds of swamp lands in her Irreducible Debt.<sup>169</sup> Michigan established a separate account from the proceeds of the sales of her swamp lands. The state uses the money as the proceeds are paid in and pays five per cent on this account, whence it is commonly known as the Five Per Cent Fund, although its official title is the Swamp Land Fund.<sup>170</sup>

The so-called swamp lands from which Michigan derived her Five Per Cent Fund, were in reality military bounty lands. Congress, in section 2, of an Act passed December 24, 1811, entitled, "An act for completing the existing military establishment," provided that any uncommissioned officer or soldier, honorably discharged from the military service, should be allowed and paid as a bonus, three months' pay and one hundred sixty acres of land.<sup>171</sup>

By an Act passed May 6, 1812, military bounty lands were set aside in different regions. About two million acres, reserved in Michigan territory and later erroneously declared to be worthless, were returned to the state. These became the basis of the Swamp Land Fund established by the act of the legislature of Michigan in 1858.<sup>172</sup> In lieu of these Michigan lands, one million, five hundred thousand acres were set aside in the territory of Illinois, and five hundred thousand acres in the territory of Missouri, north of the Missouri river.<sup>173</sup>

Arkansas devoted to her Common School Fund two townships granted for the state university.<sup>174</sup>

The above account makes evident the variation in the objects to which the states have devoted their grants of salt, internal improvement and swamp lands and the proceeds of the sales of the

<sup>168</sup> Constitution of Alabama, 1868, Art. XI, Sec. 10.

<sup>169</sup> Ohio School Report, 1901, p. 9.

<sup>170</sup> Report Mich. Supt. Public Instruction, 1903, p. 24.

<sup>171</sup> *U. S. Statutes at Large*, 12th Congress, Vol. II, Chap. X, pp. 669-670.

<sup>172</sup> Laws of Mich., 1858, No. 31, Sec. 5, p. 171; Report Mich. Supt. of Public Instruction, 1889, p. 22, gives full account. See also Part II.

<sup>173</sup> Act Apr. 29, 1816, *U. S. Statutes at Large*, Vol. III, Chap. CLXIV, p. 332.

<sup>174</sup> Constitution, 1868, Art. IX, Sec. 4.

same. This variation, the difficulty of getting access to the necessary reports and the limits of the present investigation make it impossible to show here to what extent these lands have been devoted to the support of common schools. Table XII, which follows here, shows the area of these lands, as estimated by the federal land commissioner.

TABLE XII. AREA OF INTERNAL IMPROVEMENT, SALINE, AND SWAMP LANDS GRANTED TO THE STATES BY THE FEDERAL GOVERNMENT \*

<i>States</i>	<i>Internal Improvement Acres</i>	<i>Salt Springs and Contiguous Lands Acres</i>	<i>Swamp Lands † Acres</i>
Alabama . . . . .	500,000	23,040	531,355.60
Arkansas . . . . .	500,000	46,080	8,656,372.39
California . . . . .	500,000	.....	1,887,685.23
Colorado . . . . .	500,000	46,080	.....
Florida . . . . .	500,000	.....	22,244,541.07
Idaho . . . . .	.....	.....	.....
Illinois . . . . .	500,000	121,029	3,981,784.10
Indiana . . . . .	500,000	23,040	1,377,727.70
Iowa . . . . .	500,000	46,080	4,570,132.33
Kansas . . . . .	500,000	46,080	.....
Louisiana . . . . .	500,000	.....	11,769,455.83
Michigan . . . . .	500,000	46,080	7,293,159.28
Minnesota . . . . .	500,000	46,080	4,738,549.78
Mississippi . . . . .	500,000	.....	3,603,921.68
Missouri . . . . .	500,000	46,080	4,843,636.09
Montana . . . . .	.....	.....	.....
Nebraska . . . . .	500,000	46,080	.....
Nevada . . . . .	500,000	.....	.....
Ohio . . . . .	500,000	24,216	117,931.28
Oregon . . . . .	500,000	46,080	434,428.45
Wisconsin . . . . .	500,000	.....	4,569,712.12
<b>Total . . . . .</b>	<b>9,500,000</b>	<b>606,045</b>	<b>80,620,392.93</b>

In addition to federal grants of land from which the states have derived moneys for permanent school funds, Congress, from the

\* Table taken from State Grants of Public Lands, Tables, General Land Office, March 12, 1896, p. 8.

† Claims reported to December 31, 1895.



first, has granted moneys which many of the states have employed either to create permanent common school funds or to enlarge those already established. In the Ohio enabling act quoted above, one-twentieth of the net proceeds of the lands sold by Congress after June 30, 1802, were granted to the state to be applied to laying out and making public roads. Every public land state, admitted since 1802, has received a grant of a certain per centum of the proceeds of the sales of lands belonging to the United States, sold after the state's admission into the Union. In the case of Ohio, as stated in the enabling act, this grant, together with others, was made on condition that no taxes of any kind should be levied upon the land for five years after the date of sale. The purpose of this condition was to prevent any individual from obtaining a tax title under the state, before the United States had received full payment of the purchase money. This purpose is clearly shown in the constitutional ordinance of Kansas.

The constitutional ordinance of Kansas, adopted January 29, 1861, reads:

*"Whereas, the government of the United States is the proprietor of a large portion of the lands included in the limits of the state of Kansas as defined by this constitution; and whereas the state of Kansas will possess the right to tax said lands for purposes of government, and other purposes: Now, therefore, be it ordained by the people of Kansas,*

*"That the right of the state of Kansas to tax such lands is relinquished forever, and the state of Kansas will not interfere with the title of the United States to such lands, nor with any regulation of Congress in relation thereto, nor tax nonresidents higher than residents: Providid always, That the following conditions be agreed to by Congress: "*

The conditions that follow include the grant of sections numbers sixteen and thirty-six in each township for common schools, two townships for a state university, five hundred thousand acres of land under the Act of 1841 and

"Sec. 6. That five per centum of the proceeds of public land in Kansas, disposed of after the admission of the state into the Union, shall be paid to the state for a fund the income of which shall be used for the support of common schools."

In some states provision has been made in the enabling act that the per centum granted by Congress be made a part of the state permanent school fund, as, for example, in North Dakota. Others have provided in general terms that such per centum as has been or may hereafter be granted by Congress on the sale of the lands in the state, should be added to the permanent common school fund.

Illinois created her first state controlled fund from two and five-sixth per cent of the net proceeds of the sale of public lands granted by Congress.\* The only permanent common school fund which New Mexico has at the present time consists of nineteen thousand six hundred seventy-five dollars and seventy-three cents derived from the congressional grant of five per centum of the sales of public land lying within the territory.<sup>175</sup>

Some states have made general provisions which may appear to include the five per centum of proceeds of sales of public lands. Idaho, in her constitution, provides as one of the sources from other which the public school fund shall be derived or increased, "all grants of land or money made by the state for educational purposes or where no other specific purpose is indicated in such grant."<sup>176</sup>

The following states have received from Congress the per cent indicated of the proceeds of the sales of public lands:<sup>177</sup> Ohio, Indiana, and Illinois received three per cent; Alabama, Mississippi, and Missouri received three and two per cent under separate acts. The following states received five per cent: Arkansas, California, Colorado, Florida, Idaho, Iowa, Kansas, Louisiana, Michigan, Minnesota, Montana, Nebraska, Nevada, Territory of New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wisconsin, and Wyoming. In 1841 Congress granted to Ohio, Indiana, Illinois, Alabama, Missouri, Mississippi, Louisiana, Arkansas, and Michigan, over and above what each was entitled to by the terms of their admis-

Per Cent  
Granted to  
Different States

ana, and Illinois received three per cent; Alabama, Mississippi, and Missouri received three and two per cent under separate acts. The following states

\* Consult account given in Part II.

<sup>175</sup> Statement furnished Oct. 20, 1906, by Hiram Hadley, New Mexico Territorial Superintendent of Schools.

<sup>176</sup> Gen. School Laws of the State of Idaho, 1897-98, Sec. 72.

<sup>177</sup> Statement received Aug. 27, 1906, from Department of Interior, General Land Office, Washington, D. C.

sion into the Union, ten per centum of the net proceeds of the sales of public lands made after December 31, 1841.<sup>153</sup> It will be seen that this was an additional per centum grant. Some of these states devoted the moneys derived from this grant to their permanent common school funds. Louisiana did so by a constitution adopted in 1845.<sup>178</sup>

Reference has been made to the use made of the proceeds of these grants by New Mexico, Illinois, Arkansas, Florida, and Idaho. The following states provide by their constitutions that moneys derived from this source shall be added to the principal of the state common school fund: California, Iowa, Kansas, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Washington, Wisconsin, and Wyoming.

The amounts which have been added to the permanent common school funds in the different states from this source have not been ascertained. Missouri, previous to 1900, had increased her permanent state school fund by about one million dollars from this source.<sup>179</sup> New Mexico, as noted above, has accumulated twenty thousand dollars. California, by an Act of Congress approved June 27, 1906, was granted payment of five per cent of the proceeds of public land sales extending over a score of years. Under the requirements of the constitution this sum must be added to the perpetual school fund. Within two months after the approval of the act, warrants amounting to four hundred twenty-eight thousand, two hundred seventy-one dollars and sixty-one cents had been drawn to the credit of the state. It is expected that the amount involved will ultimately approach one million dollars.<sup>180</sup>

In 1833 President Jackson caused the withdrawal from the United States Bank, of the Government deposit of ten million dollars, which amount the federal Government thereupon distributed among the various state banks. Indiana is an example of a state which used part of this as a basis for a permanent common school fund. It is suffi-

United States  
Deposit Fund  
1833

<sup>178</sup> Constitution, 1845, Title 7, Art. 135.

<sup>179</sup> Boone, *Education in the United States*, p. 91.

<sup>180</sup> Report California Controller, 1905-06, pp. 24-28, 29.

cient to say that Indiana chartered a state bank on January 13, 1834, consisting of ten banks located in different parts of the state. On shares of stock held by individuals, an annual tax of twelve and one-half cents a year was issued. Section 15 of the charter of the state bank provided that the money derived from the proceeds of this tax "shall constitute a part of the permanent fund to be devoted to purposes of common school education." In 1851 this fund became a part of the principal of the Common School Fund, adding to this latter fund about eighty million dollars.<sup>181</sup>

"Prior to 1825 the monetary and other interests of the United States had been characterized by much confusion and complexity. The federal debt of the

<b>United States Surplus Revenue Loan 1837</b>	Revolution amounted to nearly forty million (\$40,000,000) dollars and the state debts assumed by the general government to twice as much more. The Louisiana purchase of 1803, together with certain individual claims upon the French, made a debt of fifteen million (\$15,000,000) dollars, paid by the United States in bonds drawing six per cent interest, and due in fifteen years. The debt incident to the war of 1812 added another one hundred million (\$100,000,000) dollars. Notwithstanding all which, by the second quarter of the century, and within a single generation of Washington, and especially during the decade after 1827, the prosperity of the country was almost without precedent. The national debt had been liquidated, and there actually remained in the treasury a surplus of about forty million (\$40,000,000) dollars." <sup>182</sup>
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By an Act of Congress approved June 23, 1836, entitled, "An Act to regulate the deposits of public money," it was provided that the money remaining in the United States treasury on January 1, 1837, except the sum of five million (\$5,000,000) dollars should be deposited with such of the states of the Union, in proportion to their number of representatives in Congress, as shall by law authorize their treasurers or other authorities to receive the same on the terms specified. The terms of the act made it a loan, not a permanent grant. An official receipt was required and an obligation on the part of the state to pay the amount received or any portion of it when called for by the secretary of the United States treasury.

<sup>181</sup> Reports of State Supt. of Public Instruction of Ind., 1872, Vol. II, p. 170; 1885-86, Vol. II, p. 11; 1900, p. 298.

<sup>182</sup> Boone, R. G., *History of Education in Indiana*, pp. 193-196.

Not more than ten thousand (\$10,000) dollars could be demanded from a single state without thirty days' notice. Section 13 of the act by which Congress made provision for this loan reads as follows:

"An act to regulate the deposits of the public money.

"Sec. 13. And be it further enacted, That the money which shall be in the treasury of the United States on the first day of January [1837], eighteen hundred and thirty-seven, reserving the sum of five millions of dollars, shall be deposited with such of the several states, in proportion to their respective representation in the Senate and House of Representatives of the United States, as shall by law, authorize their treasurers or other competent authorities to receive the same on the terms hereinafter specified; and the Secretary of the Treasury shall deliver the same to such treasurers or other competent authorities, on receiving certificates of deposit therefor, signed by such competent authorities, in such form as may be prescribed by the secretary aforesaid; which certificates shall express the usual and legal obligations, and pledge the state, for the safe keeping and repayment thereof, and shall pledge the faith of the states receiving the same, to pay the said moneys and every part thereof, from time to time, whenever the same shall be required by the Secretary of the Treasury for the purpose of defraying any wants of the public treasury, beyond the amount of the five millions aforesaid: Provided, That if any state declines to receive its proportion of the surplus aforesaid, on the terms before named, the same shall be deposited with the other states, agreeing to accept the same on deposit in proportion aforesaid: And provided further, That when said money or any part thereof shall be wanted by the said secretary, to meet appropriations by law, the same shall be called for in rateable proportions, within one year, as nearly as conveniently may be, from the different states with which the same is deposited and shall not be called for in sums exceeding ten thousand (\$10,000) dollars from any one state in any one month, without previous notice of thirty days for every additional sum of twenty thousand (\$20,000) dollars which may at any time be required.

"Sec. 14. And be it further enacted, That the said deposits shall be made with the said states in the following proportions, and at the following times, to-wit: one-quarter part on the first day of January, 1837, or as soon thereafter as may be; one-quarter part on the first day of April, one-quarter part on the first day of July and one-quarter part on the first day of October, all in the same year." <sup>183</sup>

It was estimated that there would be thirty-seven million, four

<sup>183</sup> *Statutes at Large*, 24th Congress, Session I, Vol. V, Chap. 115, p. 55.



hundred sixty-eight thousand, eight hundred fifty-nine dollars and forty-seven cents (\$37,468,859.47) in the treasury on January first to be loaned to the states. The entire loan was to be paid in four instalments of nine million, three hundred sixty-seven thousand, two hundred fourteen dollars and eighty-seven cents (\$9,367,214.87) each, and all four during the year 1837-38. Only three instalments were ever paid, amounting to about twenty-eight million dollars.

The money thus loaned to the states has never been called for by the federal Government and in all probability never will be. Many of the states, in practice at least, have regarded it as a permanent gift. By far the majority of the states set apart their portion, or a fraction of it, for the support of common schools. The income, or a portion of it, has reached the common schools in every state except four, Michigan, Mississippi, South Carolina, and Virginia.

At least five states, Alabama, Delaware, Louisiana, Missouri, and New York, set apart all of their respective shares as a separate fund or united it with the permanent common school fund already established. Missouri used her share, together with seventy-two sections of saline lands as an original basis for establishing her state Public School Fund.<sup>184</sup> New York established her share as a separate fund and provided that the income should be appropriated to common schools and high schools. Twenty-five thousand dollars of the annual revenue of this fund is added each year to the principal of the Common School Fund, and constitutes one of the chief sources by which that fund is being increased to-day. Delaware invested her share in the same securities as the principal of the Public School Fund and provided that the income derived from this investment should be divided among the three counties of the state in the same manner as the income of the Public School Fund.

North Carolina received one million, four hundred thirty-three thousand, seven hundred fifty-seven dollars (\$1,433,757). She

<sup>184</sup> Bourne, Edward G., *History of the Surplus Revenue of 1837*; Report Missouri Supt. Public Instruction, 1869, p. 38.

provided that of this share, one million, one hundred thirty-three thousand, seven hundred fifty-seven dollars (\$1,133,757) should be added to the Literary Fund. The following

<b>Fractions of Surplus Revenue Loan Devoted to Schools</b>	states devoted the interest on a fraction of their share to the support of common schools, thus making this portion of their respective loans practically a permanent fund or loan for common schools: Maryland devoted the interest on seven-ninths of her share to the support of common schools; Indiana and Illinois each employed two-thirds of their shares for the same purpose; Kentucky, four-sevenths and Georgia, one-third.
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Maine distributed her share chiefly per capita; a small part of it was devoted to the schools. Massachusetts and New Hampshire distributed their shares among the towns. In both states some towns used the income for schools. "In Portsmouth, New Hampshire, the inhabitants voted to divide the revenue which fell to the town, per capita. The sum due to each man, woman, and child was between two and three dollars. An agent was appointed to receive and distribute the money. About two hundred suits were almost immediately commenced against him as trustee to individuals owing small sums and he was thus placed in a rather embarrassing position."<sup>185</sup>

Connecticut deposited all her share except about one thousand dollars with the towns. The loan thus made became known as the Town Deposit Fund. Until 1855, three-fourths, and since 1855 the whole of the income of this fund, according to Bourne,<sup>186</sup> was devoted to aid common schools, but the Secretary of the Board of Education writes that "in most cases the interest on this fund exists on paper only and is not a substantial contribution to the support of schools."<sup>187</sup> Vermont loaned her entire amount to the towns who were held responsible to the state in the same manner that the state is responsible to the federal Government.<sup>188</sup> Investi-

<sup>185</sup> Bourne, E. G., *History of the Surplus Revenue of 1837*, p. 83.

<sup>186</sup> *Ibid.*, pp. 50, 122.

<sup>187</sup> Report Conn. Board of Education, 1903, p. 43.

<sup>188</sup> Statement received Nov. 9, 1906, from Mason S. Stone, Vermont State Supt. of Education.

gation carried on by the Vermont state department of education in 1906 revealed the fact that eighty per cent of the towns have absorbed their portion of the United States Deposit Fund. Such towns pay interest on their portion of the fund at the rate of six per cent.<sup>189</sup> Table XIII which follows here shows the amount each of the twenty-six states received as its share of the United States Surplus Revenue Loan, the amount set aside as a permanent fund for common schools, when ascertainable, and the amount lost, when ascertainable.

TABLE XIII. PERMANENT COMMON SCHOOL FUNDS OR DEPOSITS DERIVED FROM UNITED STATES SURPLUS REVENUE DISTRIBUTED IN 1837 \*

<i>State</i>	<i>Share Received</i>	<i>Set Apart as a Permanent Fund or Deposit for Common Schools</i>	<i>Amount of Portion thus Set Apart Diverted, Lost or Exhausted</i>	<i>Original Use of Principal</i>	<i>Final Disposition, or Present Condition of Principal</i>
1. Ala.	\$669,086	\$669,086	\$669,086	Used for capital of State Bank and branches. Interest used for schools till 1843 and since 1854. <sup>a</sup>	Credit Fund. <sup>a†</sup>
2. Ark.	286,751	286,751	286,751	Entire amount used as principal of the Bank of the State of Ark. Law devoted interest to schools. But law was dead letter. Little, if any, ever reached the schools.	Credit Fund.†
3. Conn.	764,670	763,670		All except \$1,000 was divided among the towns. Most has been lost by towns, which how-	Town Credit Funds.†

<sup>189</sup> Ibid., personal letter, dated Nov. 9, 1906.

\* Compiled from E. G. Bourne, *History of the Surplus Revenue of 1837*, and from accounts given in Part II of the present work. All notes reading Bourne refer to the above work.

<sup>a</sup> Bourne, pp. 44-47.

† For a description of Credit Funds, see Chapter I.

TABLE XIII—*continued*

<i>State</i>	<i>Share Received</i>	<i>Set Apart as a Permanent Fund or Deposit for Common Schools</i>	<i>Amount of Portion thus Set Apart Diverted, Lost or Exhausted</i>	<i>Original Use of Principal</i>	<i>Final Disposition, or Present Condition of Principal</i>
4. Del.	\$286,751	\$286,751		ever continued to pay interest. Prior to 1855, $\frac{3}{4}$ income, and since 1855, all the income was devoted to schools. <sup>a</sup>	Practically part of Public School Fund. <sup>e</sup>
5. Ga.	1,051,422	350,000	\$350,000	Interest on $\frac{1}{3}$ was appropriated for schools but probably used for state general expenses till 1870. <sup>b</sup>	Lost: Apparently not recognized as a debt by Georgia.
6. Ill.	477,919	335,592	335,592	Principal borrowed by the state and used for extravagant internal improvements	Principal exhausted. Continued as a Credit Fund. <sup>†</sup>
7. Ind.	860,254	567,126	567,126 <sup>h</sup>	Interest devoted to common schools. <sup>f</sup> Two-thirds distributed among counties to be loaned. Interest on loans devoted to common schools. One-third used for capital of State Bank. Made a part of the permanent Common School Fund, 1851.	

<sup>b</sup> Ibid., p. 122.<sup>a</sup> Report, Connecticut Board of Education, 1903, p. 43; and Bourne, pp. 50, 122.<sup>e</sup> Bourne, pp. 52, 53.<sup>f</sup> Bourne, pp. 60, 61.<sup>h</sup> Bourne, p. 122, states that the two-thirds, the interest on which was devoted to schools, was lost. Ibid., pp. 63, 64, shows it is impossible to state accurately the amount lost.<sup>†</sup> For a description of Credit Funds, see Chapter I.

TABLE XIII—*continued*

<i>State</i>	<i>Share Received</i>	<i>Set Apart as a Permanent Fund or Deposit for Common Schools</i>	<i>Amount of Portion thus Set Apart Diverted, Lost or Exhausted</i>	<i>Original Use of Principal</i>	<i>Final Disposition, or Present Condition of Principal</i>
8. Ky.	\$1,433,757	\$850,000	\$850,000	Principal used to purchase bank stock and to pay state debt. Interest on \$850,000 devoted to common schools. <sup>c</sup>	Seized by State Credit Fund.†
9. La.	477,919	477,919	477,919	Exhausted by appropriations in 1839. Since 1839 continued as a credit fund, devoted to support common schools since 1855. <sup>g</sup>	Permanent debt. Interest devoted to common schools.
10. Me.	955,838	<sup>i</sup>	<sup>i</sup>		
11. Md.	955,838	681,387	681,387	Interest, 1839, paid from annual revenue of the Baltimore and Washington Railroad. Later out of taxes. <sup>1</sup>	Credit Fund.†
12. Mass.	1,338,173	<sup>i</sup>		Some used for schools. Most used for town expenses. <sup>b</sup>	
13. Mich.	286,751				
14. Miss.	382,335				
15. Mo.	382,335	382,335			Reported to be intact. <sup>m</sup>
16. N. H.	669,086	<sup>i</sup>			
17. N. J.	764,679	611,743	<sup>n</sup>	Divided among	Most all princi-

<sup>c</sup> See account given in Part II; also Bourne, pp. 65-68.

<sup>g</sup> Part II; also Bourne, pp. 68, 69.

<sup>1</sup> Distributed among towns, some of which used it for schools. Most appear to have apportioned it per capita among entire population. Bourne, p. 71.

<sup>1</sup> Bourne, p. 73. Acts of Maryland, 1839, chap. 33.

<sup>1</sup> Divided among towns; some of which used it to establish permanent school funds; number and value of funds so established not ascertainable.

<sup>m</sup> Bourne, p. 81.

<sup>n</sup> Large loss, amount not ascertainable.

† For a description of Credit Funds, see Chapter I.



TABLE XIII—*continued*

<i>State</i>	<i>Share Received</i>	<i>Set Apart as a Permanent Fund or Deposit for Common Schools</i>	<i>Amount of Portion thus Set Apart Diverted, Lost or Exhausted</i>	<i>Original Use of Principal</i>	<i>Final Disposition, or Present Condition of Principal</i>
				counties which appear to have exhausted it in erecting buildings and paying war debts. Interest kept up; paid largely out of taxation. Since 1867 interest on $\frac{4}{5}$ devoted to schools. <sup>b</sup>	pal exhausted. Credit Ac-count. †
18. N. Y.	\$4,014,520	\$4,014,520	\$333,862 <sup>o</sup>		
19. N. C.	1,433,757	1,133,757	1,133,757	\$300,000 was added to the Literary Fund at once. Eventually all the surplus revenue N. C. received, except \$100,000 was devoted to the support of schools. Loss due to Civil War and reconstruction evils. Borrowed by the state. <sup>p</sup>	State repudiated debt.
20. Ohio	2,077,260			Distributed among counties. Loaned at 6%; 5% devoted to schools. 1851 "Balance" was added to common school fund Amount not ascertainable. <sup>q</sup>	Apparently continued as a credit fund. <sup>b†</sup>
21. Penn.	2,867,514				
22. R. I.	382,335	382,335	226,794	In 1836 the interest from the entire a-	

<sup>b</sup> Bourne, p. 122.<sup>o</sup> Report, New York Comptroller, 1906, p. 280.<sup>p</sup> See account in Part II; also Bourne, pp. 91-93.<sup>q</sup> See Part II; also Bourne, pp. 95-99.

† For a description of Credit Funds, see Chapter I.

TABLE XIII—*continued*

<i>State</i>	<i>Share Received</i>	<i>Set Apart as a Permanent Fund or Deposit for Common Schools</i>	<i>Amount of Portion thus Set Apart Diverted, Lost or Exhausted</i>	<i>Original Use of Principal</i>	<i>Final Disposition, or Present Condition of principal</i>
23. S. C.	\$1,051,422			mount was devoted by law to common schools. But only \$155,541 appears to have ever been made a part of the permanent school fund. The state appears not to recognize her indebtedness technically. But the annual appropriation exceeds the interest on the surplus revenue. <sup>7, b</sup>	
24. Tenn.	1,433,757		\$1,433,757	From 1841 to 1865, interest devoted largely to common schools; but no part of the principal was ever set apart for a permanent school fund. <sup>s</sup>	Exhausted in banking. <sup>b</sup>
25. Vt.	669,086	\$669,086	500,000	At first loaned to towns, which exhausted most of it; in 1906 made a part of the state permanent school fund.	About 20% of principal is intact. About 80% is a Credit Fund.
26. Va.	2,198,427	†			

Some states have increased the principal of their permanent com-

<sup>b</sup> Bourne, p. 122.

<sup>7</sup> Report, United States Commissioner of Education, 1896-97, I, 642.

<sup>s</sup> Bourne, p. 114.

† It is possible that \$225,793 was added to the Literary Fund, but the data is not clear. Bourne, p. 120.

mon school funds from claims against the United States Government for services rendered in war, or other moneys returned by the federal Government as reimbursement for taxes it had previously levied. The state of Maine, by an Act passed by the legislature February 23, 1828, made provision for the establishment of the Permanent School Fund, for the benefit of primary schools.<sup>190</sup> This act reserved, together with certain state lands, all moneys received by Maine on account of war claims against the United States for services rendered in 1812. The Permanent School Fund was deprived of the moneys from this source by a Repeal Act passed March 11, 1835.<sup>191</sup>

In 1861 Congress passed an act directing that a direct tax of twenty million dollars be annually laid upon the United States, and apportioned among the states and territories according to the provisions of the act. In 1891 an act was passed providing for the return of this tax to the states and territories.<sup>192</sup> Massachusetts,<sup>193</sup> Kentucky,<sup>193</sup> and South Carolina<sup>193</sup> are among the states which have provided that the moneys received as the result of this act should be added to their permanent school funds.<sup>194</sup> As the result of these acts Kentucky added six hundred six thousand, six hundred forty-one dollars and three cents (\$606,641.03) to her Permanent School Fund; Massachusetts, six hundred ninety-six thousand, four hundred seven dollars and eighty-eight cents (\$696,407.88) to her School Fund. By the same act by which Massachusetts added the proceeds of the direct tax to her School Fund, she also added twelve thousand, forty-three dollars and seventy-three cents (\$12,043.73) of United States war claims.<sup>193</sup>

Vermont, in 1904, by number 42 of the acts of that year, sequestered as permanent fund for public school purposes the reimbursement to the state of two hundred forty thousand dollars for moneys

<sup>190</sup> Laws of 1828, Chap. 403.

<sup>191</sup> Maine School Report, 1901, p. 52.

<sup>192</sup> *U. S. Statutes at Large*, 1861, Chap. XLV, Sec. 8, p. 294.

<sup>193</sup> Fifth-seventh Annual Report, Board of Education of Mass., 1892-93, p. 102; Laws of Ky., Act approved Mar. 12, 1892; Constitution of South Carolina, 1895.

<sup>194</sup> *U. S. Statutes at Large*, 1891, Chap. 496, p. 822.

expended in the Spanish-American war. The creation of this fund was the beginning of a new period in the history of permanent school funds in Vermont. A complete account is given in Part II.

In a previous chapter it has been pointed out that Congress makes annual appropriations for the support of schools in Alaska

and the District of Columbia. All of the land in Indian Territory belonged to members of the five civilized tribes and Congress had no authority

to reserve any of it for school purposes. In lieu of the grant of sixteenth and thirty-sixth section lands for common schools, Congress made an appropriation of five million dollars (\$5,000,000) with interest at three per cent from June 16, 1906. The statehood bill, by which Indian Territory and Oklahoma were to be combined, provided that this appropriation should constitute a part of the permanent school fund upon the admission of the state into the Union.\*

The purpose of this chapter has been to present the sources provided by the federal Government which have been employed to

establish or increase the permanent common school funds in the various states. The earliest permanent

common school funds were those derived from state lands and moneys. In view of the fact that the first of these, Connecticut, was derived from lands lying in Ohio, within federal domain, and in view of the fact that many of these federal sources have contributed largely to permanent funds of state origin, it seemed best to treat the federal sources of permanent school funds before taking up the topic of state sources. Nevertheless, it must be borne in mind that the establishment of state permanent funds for common schools by Connecticut and New York was but the final stage in a process of evolution. This process has been traced in Chapter II, under the topic of Local Funds. However, the ordinance of 1785 was passed ten years prior to the establishment of the first permanent fund so that it is difficult to say to what extent the policy of the states which derived their funds from state rather than federal sources, was the result of principles individually conceived and to what extent it was an adopting of the policy pursued by the federal Government.

\* See separate accounts for Indian Territory and Oklahoma in Part II.

## CHAPTER IV

### STATE SOURCES AND ESTABLISHMENT OF PERMANENT PUBLIC COMMON SCHOOL FUNDS

Interest turns naturally toward those states which received no grant of land from the United States Government and so were forced to employ their own resources. The previous chapter described federal grants of lands and money out of which public land states created permanent common school funds. The purpose of this chapter is to consider the sources which the states of their own initiative have set aside, either to establish or to increase their permanent common school funds. It might seem desirable to attempt to distinguish between those sources set aside as original capital out of which the permanent common school funds were created and the sources from which they have been increased. However, it would be difficult to do so, owing to the fact that in some cases the sources originally provided were the proceeds of current revenues, so that there was in the beginning no accumulated capital.

States containing no federal lands have set aside many of the sources employed by the public land states for increasing their funds; such as escheats, licenses, bequests, and fines. In Chapter II, state sources of permanent common school funds were divided into two classes: (1) state lands, and (2) state moneys. In view of the fact that lands are the oldest state source, it may be well to consider them first.

The states which derived their permanent funds or a portion of them from the proceeds of the sales of lands originally belonging to or claimed by the state and not from a grant to it, as a gift, by the federal Government are: Connecticut, New York, Georgia, New Jersey, North Carolina, Pennsylvania, Maine, Massachusetts, Texas, and New Hamp-

State Lands as  
a Source of  
School Funds



shire. In Chapter III it was shown how Connecticut came to possess a reservation of lands lying in the northeastern corner of Ohio. In 1795 provision was made for the sale of all lands remaining unsold, about three million, three hundred thousand acres.<sup>195</sup> This land was sold for one million, two hundred thousand dollars (\$1,200,000)<sup>196</sup> which became the original principal of the School Fund of Connecticut. New York, by an Act of legislature, April 2, 1805, provided that the net proceeds of five hundred thousand acres of unappropriated state lands, the first to be sold after the passing of the act, should be appropriated as a permanent fund for the support of common schools.<sup>50</sup>

Georgia provided for the establishment of her Permanent Common School Fund in 1817. In 1818, by the Land Lottery Act, lots numbers 10 and 100 in each surveyor's district, were set apart and reserved for the benefit of common schools. Subsequent legislation made the proceeds of these lots a part of the Permanent School Fund. New Jersey provided for the establishment of her Permanent Common School Fund in 1817.<sup>197</sup> Subsequent legislation has provided that the proceeds of all lands belonging to the state, now or formerly lying under water, shall be added to the principal of the Permanent Common School Fund.<sup>198</sup> North Carolina provided as source from which her Permanent Common School Fund, known as the Literary Fund, established in 1828, was to be derived, moneys paid to the state for entries on vacant lands, and the proceeds of vacant and unappropriated swamp lands in the state.<sup>199</sup>

The Permanent School Fund of Maine and the Massachusetts School Fund were both derived from lands lying in Maine, at one time all owned by Massachusetts, but subsequently shared by the two states upon their separation in 1820. In the year 1828 Maine created her Permanent Common School Fund and reserved thirteen

<sup>195</sup> Report Conn. Board of Education, 1853, p. 69.

<sup>196</sup> *Ibid.*, 1876, p. 111.

<sup>197</sup> Laws of New Jersey, 1817, Act passed Feb. 12.

<sup>198</sup> New Jersey School Laws, 1903, Sec. 168-169.

<sup>199</sup> North Carolina Revised Statutes, 1836-37, Chap. 66, pp. 378-379.

townships for the same.<sup>200</sup> Twelve more townships were added to it in 1850, one year before the first distribution of the revenue of the fund. The total area of lands thus far set aside was about seven hundred twenty-six thousand, six hundred twenty-five acres.<sup>201</sup> The proceeds realized from the sale of these lands amounted to approximately two hundred seventy-eight thousand, two hundred thirty-nine dollars (\$278,239).<sup>202</sup> In 1868 ten townships whose timber and lumber had been devoted to the Permanent School Fund in 1864, were now, themselves, added to it.<sup>203</sup>

In 1786, Pennsylvania passed an act setting aside sixty thousand acres of unappropriated state lands for the purpose of endowing public schools.<sup>204</sup> But the proceeds of the sales of the lands reserved by this act never reached the public schools. They were probably given to county academies.<sup>205</sup> Pennsylvania finally succeeded in passing an act in 1831 by which was actually established<sup>206</sup> her Common School Fund. The original capital of this fund consisted of state lands. It has not been possible to learn the area of these lands, but it would appear that in 1834 about a million and a half of dollars had been realized from the sales.<sup>207</sup>

Massachusetts, by an Act passed March 31, 1834, provided that the moneys in the treasury on January 1, 1833, derived from the sale of lands in Maine, together with fifty per centum of all moneys thereafter to be received from the sale of Maine lands (and certain other moneys) shall be appropriated and constitute a permanent fund for the aid and encouragement of common schools.<sup>51</sup> In 1859 it was provided that "all avails of the moiety on the sales of certain Back Bay Lands (made lands)<sup>208</sup> be added to the Massa-

<sup>200</sup> Maine Laws, 1828, Chap. 403.

<sup>201</sup> Computed from data given in Maine School Report, 1857, p. 17.

<sup>202</sup> Maine School Report, 1855, p. 16.

<sup>203</sup> Resolves of the State of Maine, 1868.

<sup>204</sup> Section VII, Act approved Apr. 7, 1786.

<sup>205</sup> J. P. Wickersham, *History of Education in Pennsylvania*, p. 257.

<sup>206</sup> Sections I-III, Act passed Apr. 2, 1831. Quoted by Wickersham, pp. 292-293, see foot-note 205.

<sup>207</sup> Mayo, A. D., *The American Common Schools*, etc., Report U. S. Commissioner of Education, 1895-96, pp. 261-262.

<sup>208</sup> Mass. Resolves, 1852, Chap. 79, Second Resolve.

chusetts School Fund.<sup>209</sup> The sum added to the principal of the fund from the proceeds of the sales of these lands was four hundred fifty-six thousand, nine hundred thirty-six dollars (\$456,936).<sup>210</sup>

Texas in 1839 made provision for granting to each county in the then Republic 13,284 acres.<sup>211</sup> In 1840 the county grant was increased to 17,713 acres.<sup>212</sup> From these lands were created separate permanent school funds commonly spoken of collectively as the County School Fund. It is estimated that under these acts the counties have received 4,162,320 acres.<sup>213</sup> Upon being admitted into the Union Texas provided for the establishment of a state public permanent common school fund.<sup>214</sup> Approximately 38,000,000 \* acres of state lands have been devoted to this fund. The total area reserved by Texas out of its domain for the County School Fund and the Permanent School Fund, prior to 1900, amounted to approximately 42,053,058.11 acres.\*

As pointed out in Part II, the Literary Fund which New Hampshire provided for in 1821, never became a permanent fund. Her first Permanent Common School Fund, therefore, appears to be that established by an Act approved January 28, 1867, which provided that the proceeds of the "wild lands" lying within the state should constitute a part of the Literary Fund.<sup>215</sup> Twenty-five thousand dollars (\$25,000) was realized from the sale of these lands.<sup>216</sup> This fund seems never to have been appropriated for common schools. Beginning with the year 1884, its income has been expended to support teachers' institutes.

\* See estimate given in account of Permanent Common School Funds of Texas, Part II.

<sup>209</sup> Acts, 1859, Chap. 154.

<sup>210</sup> Annual Report, Mass. Board of Education, 1892-93, p. 102.

<sup>211</sup> Act approved Jan. 26, 1839, Laws of the Republic of Texas, 1839, pp. 120-122.

<sup>212</sup> J. J. Lane, *History of Education in Texas*, U. S. Bureau of Education, Circular of Information, No. 2, 1903, p. 27.

<sup>213</sup> Letter to F. H. Swift from J. J. Robinson, Acting Land Commissioner, Oct. 1, 1908.

<sup>214</sup> Constitution of Texas, 1845, Art. X. Sec. 2.

<sup>215</sup> Laws of New Hampshire, 1867, Chap. XLII, Sec. 1.

<sup>216</sup> Statement in letter dated July 5, 1907, received from H. C. Morrison, N. H. State Supt. Public Instruction.

The following table shows the area, date, and value of reservations of state owned land in so far as the data have been ascertained:

TABLE XIV. LANDS ORIGINALLY BELONGING TO STATES AND RESERVED BY THEM FOR PERMANENT COMMON SCHOOL FUNDS

<i>State</i>	<i>Date</i>	<i>Area (Acres)</i>	<i>Proceeds</i>	
Penn.	1786	60,000		
	1831	<sup>a</sup>		
Conn.	1795	3,300,000 *	\$1,200,000	
N. Y.	1805	500,000 *	400,000	
	1819			Lands in the military tract escheated to the state. <sup>b</sup>
	1821-55	991,559 <sup>c</sup>	2,100,000 <sup>d</sup>	
Ga.	1818			Lots Nos. 10 and 100 in each surveyor's district. <sup>a</sup>
N. J.				Riparian lands. <sup>a</sup> An indefinite grant.
N. C.	1828			Vacant and unavailable swamp lands; moneys paid for entries on vacant public lands. <sup>a</sup>
Me.	1828 & 1850	726,625	278,239	
	1868			Ten townships.
Mass.	1834	3,500,000	1,000,000	
Texas	1839-99	42,053,059	50,000,000	Includes County Funds and Permanent School Fund. Proceeds, merely an estimate.
N. H.	1867	<sup>a</sup>	25,000	

The moneys and the sources of moneys which the states have devoted to their permanent common school funds include licenses, escheats, confiscations, forfeitures, taxes on banks, appropriations, United States debts to the states, bank stock, lotteries (New York and Rhode Island), gifts, proceeds

<sup>a</sup> Area unknown.

<sup>b</sup> See history of the Permanent Common School Fund of New York, Part II.

<sup>c</sup> Under constitution, 1821, Article VII, section 10.

<sup>d</sup> *Report*, New York State Superintendent of Public Instruction, 1857, pp. 18, 22.

All other sources during the same period had contributed less than \$1,000,000.

*Ibid.*

\* Not including several thousand acres of land to townships for the establishment of local funds within the township.

of funds previously established, supreme court fees (New York), slave money (Florida), moneys for exemption from military service, and many others.

Many states have set apart the proceeds from various classes of licenses as original sources from which moneys for the establishment of their permanent common school funds were derived or as sources for increasing those funds. Delaware, the second state to establish a permanent common school fund, provided that the money paid into the state treasury on account of marriage licenses and tavern licenses between February 9, 1796, and January 1, 1806, be and is hereafter to be applied under the direction of the legislature for the establishment of schools in the state. These licenses constituted the sole sources originally provided by the act establishing the Public School Fund of Delaware, although at one time the proceeds of about nineteen different kinds of licenses were devoted to increasing the principal of this fund.<sup>217</sup>

North Carolina named taxes on liquor licenses and auction licenses as two of the sources from which her fund was to be derived.<sup>218</sup> Vermont, in the act establishing her fund in 1825, set apart the amount accrued from liquor, auction, and peddlers' licenses to peddlers as one of the sources of her first Permanent Common School Fund.<sup>219</sup> Rhode Island, by the original act which established her Permanent Common School Fund, reserved for that fund taxes on auctions.<sup>220</sup>

Virginia, the fifth state to establish a Permanent Common School Fund, set apart a number of sources of revenue, several of which it appears no other state had as yet employed for this purpose: escheats, confiscations, fines, penalties, forfeitures.<sup>221</sup> Tennessee, in 1827, passed a general school law which consolidated all school funds into one

**Marriage and  
Tavern Licenses**

**Liquor, Auction,  
and Peddlers'  
Licenses**

**Escheats, Fines,  
Gifts, and  
Miscellaneous**

<sup>217</sup> U. S. Bureau of Education, Circular of Information, 1893, No. 3, p. 161.

<sup>218</sup> North Carolina Revised Statutes, 1836-37, Chap. 66, pp. 378-379.

<sup>219</sup> Act passed Nov. 17, 1825, Report Vt. State Supt. Ed., 1906, pp. 11, 12. Consult account given in Part II.

<sup>220</sup> Stockwell, Thos. B., *History of Public Education in R. I.*, p. 45.

<sup>221</sup> Acts of 1809, of Virginia, XIV, Sec. 1.



Common School Fund. The sources set aside for this fund include escheats, intestate estates, gift of six thousand acres of land and bank stock.<sup>222</sup>

Not less than twenty-one states have set apart for their permanent common school funds the proceeds of intestate estates and of other property, escheating to the state.

At least eight states have provided for increasing their permanent common school funds from the proceeds of fines. Indiana, in 1816, by her constitution, provided that moneys paid for exemption from military service or fines assessed for any breach of penal laws should be applied to the support of county seminaries.<sup>223</sup> In 1838 gambling moneys were added, and later fines for selling salt without having it inspected.<sup>224</sup> The fund thus constituted was known as the County Seminary Fund. It was not a permanent fund but merely an annual revenue. It was managed by the commissioners of the several counties. In 1851 it was made a part of the Common School Fund, by the newly adopted constitution, and so became a part of the Permanent Common School Fund.<sup>225</sup> The proceeds from fines and forfeitures have

TABLE XV. COMPARISON OF SOURCES CONTRIBUTING TO INDIANA SCHOOL FUND

Year	Amount of Fines and Forfeitures	Amount Added by Other Sources
1868 <sup>b</sup>	\$32,904	\$2,143
1875 <sup>b</sup>	46,339	3,675
1885 <sup>a</sup>	49,860	6,664
1895 <sup>c</sup>	59,969	14,867
1902 <sup>c</sup>	43,444	9,706
1903 <sup>c</sup>	41,433	12,080

<sup>a</sup> The data for the year 1885 are taken from R. G. Boone, *History of Education in Indiana*, p. 189.

<sup>b</sup> Report, Indiana State Superintendent of Public Instruction, 1878, p. 80.

<sup>c</sup> Ibid., 1906, p. 811.

<sup>222</sup> Laws of Tennessee, 1827, Chap. 64.

<sup>223</sup> Constitution of Indiana, 1816, Art. IX, Sec. 3.

<sup>224</sup> Revised Statutes, Sec. IV, Report Ind. State Supt. of Public Instruction, 1900, pp. 299-300.

<sup>225</sup> Constitution of Indiana, 1851, Art. VIII, Sec. 2.

added more to the principal of the Common School Fund in Indiana than the proceeds from the seven other sources provided by law.

Missouri, on February 9, 1839, provided that the proceeds of fines and forfeitures and other moneys collected within each county should be paid into the county treasury for the county school fund.<sup>226</sup> No provision appears to have been made for making this fund permanent until 1868.<sup>227</sup> In 1904 Wisconsin added twenty-four thousand, three hundred ninety-one dollars and forty-nine cents (\$24,391.49) to the principal of her school fund, which sum was derived from penal fines.<sup>228</sup> Other states used the proceeds of penal fines and forfeitures for the support of schools but did not devote them to the permanent common school fund; for example, Illinois pays fines and forfeitures to the school superintendents in the counties in which they are collected and they are distributed by them annually.

It has already been stated that Tennessee, in providing for her state Permanent Common School Fund in 1827, included a gift of land. At least nine states have, at one time or another, provided that the principal of their permanent common school funds might be increased by gifts not otherwise appropriated or gifts made for educational purposes.

A large number of states, besides Tennessee, have devoted bank stock owned by the state to the Permanent Common School Fund. Among these may be mentioned Vermont, North Carolina, Kentucky, Indiana, and New Jersey.

The proceeds of the direct tax and of war claims returned to the states were moneys due them for value received and must therefore be mentioned in this chapter. They have been discussed already in Chapter III, which should be consulted for a fuller treatment of this topic.

<sup>226</sup> Report Missouri Department of Public Schools, 1903, p. 94.

<sup>227</sup> Act approved Mar. 22, 1868.

<sup>228</sup> Data furnished F. H. Swift, Sept. 12, 1906, by Wisconsin Department of Public Instruction.

Maine, in an act already referred to, by which she established her Permanent School Fund, provided that all moneys received by

**War Claims** Maine from Massachusetts on account of war claims against the United States for services rendered in the War of 1812 should constitute a part of the original principal of this fund. However, the Permanent Common School Fund was deprived of this source by a Repeal Act passed March 7, 1835.<sup>229</sup> In 1891 the principal of the Massachusetts School Fund was increased by twelve thousand forty-three dollars and seventy-three cents (\$12,043.73), the proceeds of war claims collected from the United States, and by six hundred ninety-six thousand, four hundred seven dollars and eighty-eight cents (\$696,407.88) from the United States direct tax of 1861, making a total from these two sources of seven hundred eight thousand, one hundred fifty-one dollars and sixty-three cents (\$708,151.63).<sup>230</sup>

A number of states have made important additions to the principal of their permanent common school funds, from the proceeds of taxes levied upon banks chartered by the state.

**Bank Tax** Maryland, in 1813, created her first Permanent Common School Fund, the seventh to be established in the United States, by an act which levied twenty cents on every one hundred dollars of the capital stock of the banks of the state. The proceeds were invested in bank stock, a portion of which was placed to the credit of the fund itself and the remainder to the credit of the several counties.<sup>231</sup> Vermont set apart as one of the sources of her School Fund in 1825, moneys accruing from six per cent on the net profits of the respective banks chartered by the state.<sup>232</sup> In Chapter III reference was made to moneys which Indiana devoted to common schools, derived from the proceeds of taxes on the state bank and which were made a part of the Common School Fund in 1851. Other states have employed bank taxes as a means of increasing their permanent common school funds, but as the

<sup>229</sup> Maine School Report, 1901, p. 52.

<sup>230</sup> Fifty-seventh Report, Board of Education of Mass., 1892-93, p. 102.

<sup>231</sup> Laws of Maryland, 1813, Chap. 122; 1820, Chap. 182. Also Controller's Report, 1853 and the following years.

<sup>232</sup> Act passed Nov. 17, 1825.

national banking system became established in the United States, many state banks surrendered their original charters so that revenue from this source was diminished.

In a number of states it is provided that the Permanent Common School Fund may be increased from moneys appropriated by the state. Georgia, in 1817, by an act which established her first Permanent School Fund, set apart two hundred fifty thousand dollars (\$250,000) for this purpose.<sup>233</sup> Rhode Island established her permanent school fund in 1828 by an act which appropriated five thousand dollars (\$5,000) as a basis for this fund.<sup>220</sup> Massachusetts, in 1894, provided that one hundred thousand dollars (\$100,000) shall be paid into the Massachusetts School Fund out of the treasury of the commonwealth until the principal of the state fund shall amount to five million dollars (\$5,000,000).<sup>234</sup>

New Jersey in 1817 provided that one-tenth part of all moneys thereafter to be raised for the use of the state should constitute a part of the Permanent Common School Fund.<sup>197</sup> Texas, by the first constitution adopted in 1845, provided as the original principal of the Permanent School Fund one-tenth of the annual state revenue derived from taxes.<sup>214</sup>

Besides certain sources which have been extensively employed by the different states for increasing the principal of their permanent common school funds, many sources have been used by a limited number of states, in many cases not more than one state. Thus, in New York, the only source by which the principal of the Common School Fund is at present increased is twenty-five thousand dollars (\$25,000) derived from the income of the United States Surplus Revenue Fund.<sup>235</sup> Nevada provided as one of the sources by which her state fund shall be increased, two per cent of the proceeds of all toll rates and bridges.<sup>236</sup>

<sup>233</sup> Prince's *Digest*, 1836, p. 18; also Circular of Information, 1888, No. 2, pp. 24-34.

<sup>234</sup> Resolves of Massachusetts, 1894, Chap. 90.

<sup>235</sup> Laws of New York, 1897, Art. 4, Chap. 413, Sec. 80.

<sup>236</sup> Nevada School Law, 1897, p. 33, Art. XIX, Sec. 1.

Maine, in 1864, provided that moneys derived from the sale of grass and timber upon ten townships should be added to the account of the principal of the Permanent School Fund.<sup>237</sup> Montana set apart as one of the ten sources from which the principal of the state school fund may be increased proceeds from the sale of timber, stone material or other property from school lands, other than those granted for a specific purpose.<sup>238</sup> Minnesota adds to the principal of the Permanent School Fund royalties on iron ore taken from school lands.<sup>239</sup> Many states distribute the rents on lands reserved for the Permanent Common School Fund as a part of the annual revenue for common schools. Some states add the rents of unsold school lands to the principal of the Permanent Common School Fund. Among the states which have provided that these rents shall be added to the principal of the fund are California,<sup>240</sup> Minnesota,<sup>241</sup> New Jersey,<sup>242</sup> Maine,<sup>243</sup> and North Dakota.<sup>244</sup>

Nebraska,<sup>245</sup> however, and many other states distribute such rents together with the annual revenue for common schools. At least two states provided that the principal of their permanent common school fund should be increased by balances of the annual revenue unexpended during the previous year. In 1906 Maine added about three thousand dollars (\$3,000) to the principal of her fund.<sup>246</sup> Massachusetts<sup>247</sup> and Rhode Island<sup>248</sup> provided that por-

<sup>237</sup> Act Mar. 21, 1864.

<sup>238</sup> Enabling Act, Secs. 10, 11, 13, Montana (Civil) Codes, 1895, Vol. I, p. cxxxiii.

<sup>239</sup> Statement furnished Sept. 27, 1906, by J. W. Olsen, Supt. of Public Instruction in Minn.

<sup>240</sup> Constitution of California, 1879, Art. IX, Sec. 4.

<sup>241</sup> See note 239.

<sup>242</sup> N. J. School Law, 1903, Secs. 168, 169.

<sup>243</sup> Maine School Law, 1905, p. 40, Sec. 127.

<sup>244</sup> Constitution of N. D., 1889, Art. 9, Sec. 153.

<sup>245</sup> Data supplied Sept. 1, 1906, to F. H. Swift, by Neb. State Supt. of Public Instruction.

<sup>246</sup> Data furnished July 27, 1906, to F. H. Swift, by Edward Wiggin, Sec. State of Maine Education Department.

<sup>247</sup> Public Statutes of Mass. relating to public instruction, including laws in force, 1892.

<sup>248</sup> *School Law Pertaining to Education*, 1896, p. 39.



tions of the annual revenue of their permanent common school funds forfeited by schools owing to their failure to fulfil the lawful requirements for receiving the same, shall be added to the principal of the Permanent Common School Fund.

In presenting the sources which states have devoted to permanent common school funds it has been attempted to give them as far as it was possible in the order of their development.

#### Conclusion

No reference has been made to their relative importance except in the case of Indiana. The fact that a source has been provided for increasing the permanent common school fund in any state cannot be taken as evidence that the source actually does or ever has contributed anything to the funds. Thus the constitution of Colorado, 1876, provided five sources from which the principal of the Public School Fund might be increased, namely, (1) estates escheating to the state, (2) grants, (3) gifts, (4) devises made to the state for educational purposes, (5) proceeds of all lands granted to the state for educational purposes by the United States. The fifth source is the only one from which anything has ever been added to the principal of the Public School Fund.<sup>249</sup> In Indiana eight sources have been set aside for increasing the principal of the Common School Fund. Most of these sources have never contributed anything, and at present only three of them, fines, forfeitures, and estrays, do contribute anything.

This topic will be considered somewhat more fully in Chapter V, in connection with the topic of loss and diversion of the permanent school funds. There it will be shown that in some cases sources provided by the constitution have never become effective, owing to the failure of the legislature to enact necessary laws. The failure is sometimes due to the fact that the legislation which exists is not complete; for instance, in some states where it has been provided that escheats should be devoted to the permanent school fund, the law does not specify the period of time after which such property shall be claimed by the state. It will be shown that some funds lose annually many thousands of dollars for such reasons

<sup>249</sup> Statement from Katherine L. Craig, State Supt. of Public Instruction of Colo. See account in Part II,

as these. More careful and thoroughgoing legislation is needed in many of the states. In the following chapter will be discussed the various modes which have been employed for the management of these funds and the losses which they have suffered.

Having described the sources both federal and state out of which the public permanent common school funds have been created

**Steps in the  
Establishment of  
State Permanent  
School Funds**

and by which they have been increased, it is now fitting to give some account of the steps by which the funds became established in the several states

and the relative order in which they were established. Every fund created by the original states and the states carved out of them has a history peculiar to itself. On the other hand, permanent school funds created out of the proceeds of the sales of federal land grants were established in a comparatively uniform manner. The acts and resolutions relating to the federal land grant to Ohio, quoted in Chapter III, reveal the steps involved in establishing a permanent school fund in a public land state. Allowing for variations in individual states, the more important steps may be stated as follows: (1) Congress passes a law providing a territorial government for a certain area. By this law the school sections in each township are reserved; (2) Congress passes an act known as the Enabling Act, authorizing the territory to form a constitution. In this Enabling Act Congress offers propositions granting school, university and other lands upon certain conditions; (3) the constitutional convention meets and embodies these propositions and conditions in the constitution or in some ordinance attached to the constitution which becomes accepted or adopted by the state; (4) After the admission of the state into the Union legislation is enacted carrying out the provisions of the constitution; (5) the lands are thereupon either sold or leased; (6) the proceeds of the sales or rents are covered into the treasury and thence withdrawn and invested. The rent from the leased lands is distributed by some states annually among the schools of the state together with the income of the invested principal. In some states, however, land rents are added to the principal.

The purchasers of school lands, like the purchasers of other pub-

TABLE A. GROWTH OF PRINCIPAL AND INCOME OF PERMANENT PUBLIC COMMON SCHOOL FUNDS IN SIX TYPICAL STATES \*

Year	Principal						Annual Income					
	New York	Conn.	Mass.	Maine	Indiana	Florida	New York	Conn.	Mass.	Maine	Indiana	Florida
1799	See foot-note 1	Not reported prior to 1820					See foot-note 1	\$ 60,403			See foot-note 2	
1800												
1801												
1805							\$ 377	23,651				
1806	\$ 58,757 <sup>1</sup>							45,157				
1810												
1815	861,457 <sup>1</sup>						57,539	38,878				
1820	1,229,076 <sup>1</sup>	\$1,858,074					78,944	58,439				
1825	1,288,309 <sup>1</sup>	1,719,434					82,815	72,418				
1835	1,791,321 <sup>1</sup>	2,019,920	\$ 514,906		See foot-note 2		131,006	33,799	\$ 16,176			
1838				\$ 2,813								
1845	2,090,632 <sup>1</sup>	2,070,055	789,389	57,629	\$ 2,559,308		113,458	117,730	28,966			
1846												
1854				125,281			143,127	130,054	90,566	\$ 7,516		
1855	2,457,520 <sup>2</sup>	2,049,953	1,627,467		7,778,355		186,462	132,018	121,786	10,120	\$252,304	
1856								130,658				
1864				181,231								
1865	2,765,760 <sup>2</sup>		2,000,000			\$ 223,595						\$38,145
1866		2,044,035										
1870					8,799,191							
1874				400,558								
1875	3,080,107		2,065,238			219,400	179,264	148,473	167,655	22,193	591,568	17,500
1876		2,028,332						135,219				
1885	3,880,157	2,030,123	2,710,241	442,757	9,328,791	490,784	189,621	120,855	134,136	26,565	679,230	34,318
1886												35,305
1894												
1895	4,423,140	2,013,102	3,870,548	442,757	10,146,959	647,100	181,579	130,832	172,729	26,565	609,101	
1905	4,673,140	2,022,502	4,880,111	442,757	10,641,226	1,085,367	169,889	109,579	219,379	26,565	638,367	33,632

\* For source of data see tables in Appendix A, pp. 437 ff.

<sup>2</sup> Total of Congressional Township Fund and Common School Fund.<sup>1</sup> Not including Literature Fund and Surplus Revenue Fund.

lic and state lands pay a certain fraction of the price at the time of the sale, the remainder in instalments with interest on the portion unpaid. As a result, the permanent common school fund in a public land state consists, prior to the exhaustion of school lands, of two parts: first, unsold school lands, and, second, moneys derived from the sale of school lands. The annual income is derived chiefly from some or all of the following sources: interest on the invested principal, interest on deferred land payments, rent on leased lands, royalties on ore, moneys derived from hay, timber, or stone permits.

Having described the sources out of which the various states created their public permanent common school funds and the steps involved in the establishment of these funds, it is now proper to show the order in which the different states established their funds. Uninteresting as this topic may appear, several vital questions lie within it. But these questions cannot be discussed here. The most that can be done within the remaining limited space of this chapter is to show how early in the history of our nation, men interested in education gave serious consideration to the policy of supporting public schools in whole or in part from the income of public permanent endowments. The order of establishment of permanent school funds shows also with what rapidity this policy spread and was adopted until it became practically universal. The spread and adoption of this, was the beginning of the spread and acceptance of the principles of free and democratic education. That this is true will appear in Chapter VI.

As stated in Chapter II of this Part, Georgia, by an Act passed July 31, 1783, attempted to provide for the establishment of a fund for the support of free schools in each of the respective counties of the state, by a grant of one thousand acres apiece, but this act did not result in the establishment of permanent funds. The New York legislature, in 1786, had provided that in townships subsequently to be surveyed one lot should be reserved, thereafter to be applied by the legislature for promoting literature in the

**Order of Establish-  
ment of Permanent  
Common School  
Fund**

**First Efforts to  
Establish Per-  
manent Common  
School Funds  
1783-1834**

state.<sup>250</sup> The fund created by the sales of these literature lands was the first permanent fund established by any state, but its purpose was to aid, not common schools, but academical departments for the preparation of teachers. As stated in the first part of this chapter, Pennsylvania, as early as 1786, endeavored to establish a permanent common school fund by setting apart for this purpose sixty thousand acres (60,000) of unappropriated state lands.<sup>204</sup> But the public schools appear to have derived no aid from this act. The proceeds of these lands probably were given to aid county academies.<sup>205</sup> The first state to establish a permanent fund for the support of common schools was Connecticut which did so in 1795.<sup>49</sup> Delaware followed the next year.<sup>251</sup> It was ten years after the establishment of the School Fund of Connecticut that New York created a permanent fund for common schools.<sup>50</sup> Five years later, 1810, Virginia established her Literary Fund, being the fifth state in the Union to establish a common school fund.<sup>252</sup> During the next fifteen years most of the other thirteen original states established such funds. Massachusetts attempted to maintain her schools without the aid of a permanent fund, and with the exception of New Hampshire which offers a special case, was the last of the thirteen original states to establish a permanent common school fund, doing so in 1834.<sup>51</sup>

It may be said, therefore, that by the year 1834, the policy of establishing permanent common school funds had been accepted by the original states. Meanwhile, seven public land states had been admitted into the Union as follows: Ohio, 1802; Louisiana, 1812; Indiana, 1816; Mississippi, 1817; Illinois, 1818; Alabama, 1819; Missouri, 1821. Each of these seven states had received its grant of sixteenth section school lands, but these lands were originally, upon the states' admission into the Union, granted to the townships, and did not, therefore, result in the establishment of a fund controlled by the state. It is true that in many instances what were at first township funds, have been merged into single

<sup>250</sup> Laws of New York, 1786, Chap. 67.

<sup>251</sup> Act passed Feb. 9, 1796.

<sup>252</sup> Act passed Feb. 2, 1810.



funds controlled by the state. Thus Alabama, admitted in 1819, provided in 1828 that the proceeds of sales of sixteenth section lands should be paid into the state treasury and the state should become trustee of the fund and liable to pay the districts and townships interest on the principal at the rate of six per cent.<sup>253</sup> Illinois, by legislation enacted between 1818 and 1821, had established a state controlled fund entitled School Fund Proper.\* Indiana, in the year 1834, established the Saline Fund as a permanent fund for common schools, managed by the state.<sup>254</sup> In the case of Indiana this fund had existed since 1816, but it was not until 1834 that provision was made for making it a permanent, state-controlled source of school revenue.

Besides the original states and public land states, Vermont, Kentucky, Tennessee, and Maine had been admitted into the Union previous to the year 1834. Three of these states had provided for the establishment of a permanent common school fund; Kentucky in 1821,<sup>255</sup> Vermont in 1825,<sup>219</sup> and Maine in 1828.<sup>200</sup> Table XVI. which follows here, shows the order in which the different states established their permanent common school funds, and the order in which they were admitted into the Union. Table XVII is added for reference. It presents the states of the Union in alphabetical order and attempts to show every public permanent common school fund ever established by any state. It includes therefore lost funds as well as credit and intact funds. It shows also whether the fund was first provided for by act of legislature or by constitution, and, further, the original sources out of which the fund was created. In order to avoid misconception regarding the data presented under the heading "Original Capital or Principal," reference should be made to foot-note 43 in Chapter I, and to foot-note (9) accompanying Table XVII.

\* See account given in Part II.

<sup>253</sup> Laws of Alabama, 1828, Chap. 26.

<sup>254</sup> Boone, R. G., *History of Education in Indiana*, p. 186.

<sup>255</sup> Acts of Kentucky, 1821, p. 35, Chap. CCLXXXIV, approved Dec. 18, 1821.

TABLE XVI. PUBLIC PERMANENT COMMON SCHOOL FUNDS ARRANGED IN THE ORDER OF THEIR CREATION 1795-1905 \*

<i>States and Territories</i>	<i>Titles</i>	<i>Created</i>	<i>Mode</i>	<i>Date Admitted into Union</i>
1. Conn.	School Fund	1795	Act	O.†
2. Del.	Public School Fund	1796	Act	O.
3. N. Y.	Common School Fund	1805		O.
4. Tenn.		1806	Act	1796
5. Va.	Literary Fund	1810	Act	O.
6. S. C.		1811 <sup>m</sup>		O.
7. Md.	Free School Fund	1813 <sup>d</sup>	(1812, Act)	O.
8. Ind.	Congressional Township Fund	1816	Constitution <sup>e</sup>	1816
	Saline Fund <sup>a</sup> (1816, Const. <sup>e</sup> )	1834	Established as Permanent School Fund	
9. Ga.	Permanent School Fund <sup>c</sup> (1783)	1817 <sup>d</sup>	Act	O.
10. N. J.	Permanent School Fund	1817	Act	O.
11. Ill.	Township Fund	1818	Const. Ordinance	1818
	School Fund Proper	1818-21		
12. Ky.	Literary Fund <sup>a</sup>	1821	Act	1792
13. Miss.	Literary, or, 16th Section (Choctaw Fund)	1821 <sup>i</sup>	Act	1817
	Chickasaw Fund	1843	Act	
14. N. H.	(Literary Fund <sup>k</sup> )	(1821) <sup>k</sup>	Act	O.
15. N. C.	State Literary Fund	1825	Act	O.
16. Ohio	Irreducible Debt	1827	Act	1802
17. Vt.	(School Fund)	(1825)	Act	1791
18. Ala.	Sixteenth Section Fund	1828	Act	1819

<sup>a</sup> Later merged with other funds to form state permanent common school fund, or in some cases lost; in any case not the creation of the present fund.

<sup>c</sup> Georgia has at present no permanent fund; though several productive sources of revenue are devoted to schools.

<sup>d</sup> Date inclosed in parenthesis is year when first steps were taken toward creation of fund.

<sup>e</sup> Constitutional creation must be supplemented by legislation. In some cases effective legislation did not follow for some years. <sup>f</sup> Very largely a lost fund.

<sup>k</sup> The fund created in 1821 was not a *permanent* fund.

<sup>m</sup> Complete and reliable data not available.

\* The purpose of this table is to show the chronological order in which the states stand with respect to establishing permanent funds. Many funds are not included. Table XVII shows all funds ever created. † O., i. e., one of the original states.

( ) Parenthesis around name of fund indicates that the fund has been lost, or has been merged with other funds later.

TABLE XVI—*continued*

<i>States and Territories</i>	<i>Titles</i>	<i>Created</i>	<i>Mode</i>	<i>Date Admitted into Union</i>
19. Maine	Permanent School Fund	1828	Act	1820
20. R. I.	Permanent School Fund	1828	Act	O.
21. Penn.	Common School Fund	1831	Act	O.
22. Mass.	Mass. School Fund	1834	Act	O.
23. Ark.	(Sixteenth Section Fund <sup>a</sup> )	1836	Act	1836
24. Mich.	Primary School Fund (1835)	1837 <sup>d</sup>	Constitution	1837
25. Mo.	(Sixteenth Section Fund)	1835	Act	
	Public School Fund	1837	Act	1821
26. Texas	County School Funds	1839	Act of Texas Rep.	1845
	Permanent School Fund	1845	Constitution	
27. Fla.	State School Fund <sup>b</sup>	1845	Constitution <sup>e</sup>	1845
28. La.	(Perpetual Fund <sup>a</sup> )	(1845)	Constitution	1812
29. Iowa	Permanent School Fund	1846	Constitution	1845
30. Wis.	School Fund	1848	Constitution <sup>e</sup>	1848
31. Cal.	Sixteenth Section Fund <sup>a</sup>			1850
	Perpetual School Fund	1850	Constitution <sup>e</sup>	
32. Minn.	Permanent School Fund	1858	Constitution <sup>e</sup>	1858
	$\frac{1}{2}$ Swamp Land Fund	1908	Swamp Land established, 1881, Const., art. 8, sec. 2 *	
33. Ore.	Common School Fund	1859	Constitution <sup>e</sup>	1859
34. Kan.	Permanent School Fund	1861	Constitution <sup>e</sup>	1861
35. W. Va.	School Fund	1863	Constitution <sup>e</sup>	1863
36. Nev.	State School Fund	1864	Constitution <sup>e</sup>	1864
37. Neb.	Permanent School Fund	1866	Constitution <sup>e</sup>	1867
38. Col.	Public School Fund	1876	Constitution <sup>e</sup>	1876
39. Mont.	Public School Fund	1889	Const. Ordinance <sup>e</sup>	1889
40. N. Dak.	Permanent School Fund	1889	Constitution <sup>e</sup>	1889
41. S. Dak.	Permanent School Fund	1889	Constitution <sup>e</sup>	1889
42. Wash.	Common School Fund	1889	Constitution <sup>e</sup>	1889
43. Id.	Public School Fund	1890	Constitution <sup>e</sup>	1890
44. Wy.	Common School Permanent Fund	1890	Constitution <sup>e</sup>	1890
45. Utah	State School Fund	1895	Constitution <sup>e</sup>	1895
46. Okla.				1907
47. Ariz.				1910†
48. N. Mex.	Permanent Fund	1898	Congressional Grant	1910†

<sup>b</sup> Originally intrusted to the townships, merged and intrusted to the state in 1848. Table XVII gives this later year as year of creation.

\* Nothing derived from this fund was devoted to common schools till following legislation of 1907.

† This table does not include funds established after 1907. Arizona and New Mexico, upon admission, will create permanent funds.



TABLE XVII—continued

State or Territory	Year admitted into the Union	Titles of Public Permanent Common School Funds	Year Created	ORIGINAL CAPITAL			
				Federal Grants		State Appropriations	
				Land, Acres	Moneys <sup>13</sup>	Land, Acres	Moneys <sup>13</sup>
Ind.	1816	County Seminary Fund <sup>i</sup>	1816 <sup>u</sup>				Fines, exemptions
		Saline Fund <sup>i</sup>	1816 <sup>w</sup>	23,833			Tax on bank stock
		Bank Tax Fund <sup>i</sup>	1834				State's profits from state bank
		Sinking Fund <sup>i</sup>	1834				

<sup>a</sup> No real existence—exhausted by state.

<sup>c</sup> Evidently in reality simply a portion of the Sixteenth Section Fund.

<sup>e</sup> Alabama funds were merged into one fund 1854, but are still reported separately.

<sup>f</sup> No permanent fund was created at this date because no provision was made for selling lands. Some lands rented and moneys devoted to schools. Date given is that of congressional grant. Table does not include funds established after 1907. Arizona and New Mexico, upon admission, will create permanent funds.

<sup>h</sup> Sections sixteen and thirty-six in each township or lands granted in lieu of the same.

<sup>i</sup> Law devoting interest on this fund to public schools remained a dead letter.

<sup>j</sup> Later made a part of the state permanent or perpetual public common school fund.

<sup>k</sup> Not a new creation; formed by merging already existing funds.

<sup>p</sup> Until 1855 three-fourths and since 1855 the whole of the income was devoted to common schools.

<sup>q</sup> United States Surplus Revenue of 1837 added; but not made a separate fund.

<sup>r</sup> The District of Columbia possesses no permanent school fund.

<sup>s</sup> In 1783 the governor was empowered to grant 1,000 acres to each county for free schools, but I find no evidence of the creation of a permanent fund before 1817.

<sup>t</sup> This is date when fund became finally established; steps toward establishing it began several years earlier.

<sup>u</sup> Expended annually till 1851 when it was made a permanent fund.

<sup>1</sup> Consisted of \$1,118,709 derived from Sixteenth Section Fund and from Common School Fund.

<sup>2</sup> Derived from United States surplus revenue distributed in 1837.

<sup>13</sup> Includes only moneys actually in treasury; such sources as per centum grants, and proceeds of escheated estates are not included in this column.



TABLE XVII—continued

State or Territory	Year Admitted into the Union	Titles of Public Permanent Common School Funds	Year Created	ORIGINAL CAPITAL			
				Federal Grants		State Appropriations	
				Land, Acres	Moneys <sup>13</sup>	Land, Acres	Moneys <sup>13</sup>
Ind.	1816	Delinquent Tax Fund <sup>x, i</sup>	1832		\$567,126		Delinquent taxes
		Surplus Revenue Fund <sup>i, a</sup>	1837	<sup>y</sup>	<sup>z</sup>		
		Swamp Land Fund <sup>x, i</sup>	1850				
		Common School Fund <sup>k</sup>	1851				
Iowa	1845	Permanent School Fund	1846	1,549,087			
Kan.	1861	State Permanent School Fund	1861	3,066,306 <sup>h</sup>			
Ken.	1792	Literary Fund <sup>a</sup>	1821				
		Permanent School Fund <sup>a</sup>	1838		850,000 <sup>x 2</sup>		One-half net profits on state's bank stock
La.	1812	Perpetual School Fund	1845	786,044 <sup>b</sup>			
		Free School Fund <sup>3, a</sup>	1855	<sup>4</sup>	<sup>4</sup>		
Me.	1820	Permanent School Fund <sup>a</sup>	1823			726,625	State bank tax
Md.	<sup>n</sup>	Free School Fund <sup>q</sup>	1812		<sup>q</sup>	300,000 <sup>5</sup>	War claims
Mass.	<sup>n</sup>	Massachusetts School Fund	1834				
Mich.	1837	Primary School Fund <sup>e</sup>	1837	1,067,397 <sup>b</sup>			
		Swamp Land Fund <sup>e</sup>	1858	5,838,775			
Minn.	1858	Permanent School Fund	1858	2,969,990			
		Swamp Land Fund	1907	<sup>y</sup>			
Mo.	1821	Special District Funds	1812-39	<sup>7</sup>			
		Township Funds	1835	1,208,120 <sup>b, 8</sup>			
		Public School Fund	1837	46,080 <sup>9</sup>	382,355 <sup>2, q</sup>		Fines, forfeitures, etc.
		County School Fund	1839 <sup>10</sup>				
Miss.	1817	Chocktaw, Literary of Sixteenth Section Fund	1821	663,774 <sup>b, 11</sup>			
		Chickasaw Fund	1843	174,555 <sup>b</sup>			
Mont.	1889	Public School Fund	1889	5,112,035 <sup>h</sup>			

TABLE XVII—*continued*

State or Territory	Year Admitted into the Union	Titles of Public Permanent Common School Funds	Year Created	ORIGINAL CAPITAL			
				Federal Grants		State Appropriations	
				Land, Acres	Moneys <sup>13</sup>	Land, Acres	Moneys <sup>13</sup>
Neb.	1867	Permanent School Fund	1867	2,702,044			
Nev.	1864	State School Fund	1864	2,500,000 <sup>12</sup>			
N. H.	"	Institute Fund or Common School Fund <sup>6</sup>	1867 <sup>16</sup>			Note <sup>14</sup>	\$25,000 <sup>15</sup>
N. J.	"	New Jersey Permanent School Fund	1817				87,076 <sup>17</sup>

<sup>a</sup> No real existence—exhausted by state.

<sup>b</sup> Section sixteen in each township or lands granted in lieu of the same.

<sup>c</sup> Sections sixteen and thirty-six in each township or lands granted in lieu of the same.

<sup>d</sup> Later made a part of the state permanent or perpetual public common school fund.

<sup>e</sup> Not a new creation; formed by merging already existing funds.

<sup>f</sup> Original.

<sup>g</sup> No money from this fund ever reached the public schools.

<sup>h</sup> Composed of all existing funds, lands and moneys belonging to same, except Congressional Township Fund.

<sup>i</sup> A permanent state debt—produces no real income.

<sup>j</sup> Not a productive fund—merely an account—state used moneys belonging to principal.

<sup>k</sup> In 1812 Congress reserved in about a dozen large villages "all lands not of private ownership," for school purposes. The area has not been ascertained.

<sup>l</sup> These lands became the property of the respective townships upon the admission of the state into the Union; therefore that date might very well be taken. The year 1834-35 is the year when the legislature provided for the survey and sale of the lands.

<sup>m</sup> Saline lands.

<sup>n</sup> Not made a permanent fund till later.

<sup>o</sup> 500,000 acres of "internal improvement lands" and 2,000,000 acres selected in lieu of the sixteenth and thirty-sixth section in each township.

<sup>p</sup> Includes only moneys actually in treasury; such sources as per centum grants, and proceeds of escheated estates are not included in this column.

<sup>q</sup> This is the amount ultimately realized from the sale of the lands reserved for the fund.

<sup>r</sup> The Literary Fund created in 1821 was not a permanent fund.

<sup>s</sup> This is the value of the capital in 1818.

<sup>14</sup> Area unknown.

TABLE XVII—continued

State or Territory	Year Admitted into the Union	Titles of Public Permanent Common School Funds	Year Created	ORIGINAL CAPITAL			
				Federal Grants		State Appropriations	
				Land, Acres	Moneys <sup>13</sup>	Land, Acres	Moneys <sup>13</sup>
N. M.	1910	<sup>1</sup> Permanent Fund	1850	3,427,234	Note 20 <sup>14</sup>	45,000 (?) <sup>31</sup>	
N. Y.	"	Literature Fund	1898			500,000	
		Common School Fund	1786				
		United States Deposit Fund <sup>2</sup>	1805		\$4,014,520 <sup>q</sup>	Notes <sup>14</sup> and Notes <sup>4</sup> and 19 <sup>18</sup>	
N. C.	"	Literary Fund	1837				
			1825				
N. D.	1889	Permanent School Fund	1889	2,500,000 <sup>n, 5</sup>	Note 20		
Ohio	1802	Irreducible State Debt <sup>3, 6</sup>	1827	1,116,406			
Okla.	1907	Permanent School Fund		1,413,803 <sup>h</sup>	5,000,000 <sup>21</sup>		
Oreg.	1859	Common School Fund	1859	3,829,700 <sup>22</sup>		60,000	Note <sup>4</sup>
Penn.	"	Common School Fund	1786			Note <sup>23</sup>	\$5,000
		Common School Fund	1827		155,541 <sup>q</sup>		Note <sup>4</sup>
R. I.	"	Permanent School Fund	1828				
S. C.		Permanent School Fund <sup>24</sup>	1811	Note <sup>4</sup>			
		State School Fund <sup>24</sup>	1868	2,150,480 <sup>h</sup>		Note <sup>14</sup>	Bank stock
S. D.	1889	Permanent School Fund	1889				One-tenth of state's annual tax revenue
Tenn.	1796	<sup>1</sup> Common School Fund <sup>k, d, 3</sup>	1806 <sup>i</sup>			4,162,320	
		County School Fund	1827 <sup>k</sup>			Vast grants <sup>25</sup>	
Texas	1845	Permanent School Fund	1839				Bank tax, etc. <sup>4</sup>
			1845	6,007,182	669,086 <sup>x</sup>		211,131 <sup>27</sup>
Utah	1896	State School Fund	1896				
Vt.	1791	Common School Fund <sup>28</sup>	1825				
		United States (Town) Deposit Fund <sup>1, 2, m</sup>	1837				
		Huntington Fund <sup>6, i</sup>	1884				

TABLE XVII—continued

State or Territory	Year Admitted into the Union	Titles of Public Permanent Common School Funds	Year Created	ORIGINAL CAPITAL			
				Federal Grants		State Appropriations	
				Land, Acres	Moneys <sup>13</sup>	Land, Acres	Moneys <sup>13</sup>
Vt.	1791	Permanent Common School or Spanish War Claims Fund <sup>1</sup>	1904				\$240,000
Va.	<sup>n</sup>	Permanent Public School Fund <sup>k, m</sup> Literary Fund	1906 1810		\$669,086 <sup>2, k</sup>		451,131 <sup>k</sup> Note <sup>4</sup>

<sup>2</sup> Derived from United States surplus revenue distributed in 1837.

<sup>4</sup> Several sources of revenue.

<sup>3</sup> A permanent state debt—produces no real income.

<sup>5</sup> Approximate.

<sup>6</sup> Not a productive fund—merely an account—state used moneys belonging to principal.

<sup>13</sup> Includes only moneys actually in treasury; such sources as per centum grants, and proceeds of escheated estates are not included in this column.

<sup>a</sup> Lost.

<sup>14</sup> Area unknown.

<sup>1</sup> Later made a part of the state permanent or perpetual public common school fund.

<sup>k</sup> Not a new creation; formed by merging already existing funds.

<sup>q</sup> United States surplus revenue of 1837 added; but not made a separate fund.

<sup>m</sup> In part a "credit fund."

<sup>x</sup> No money from this fund ever reached the public schools.

<sup>19</sup> Value not ascertained.

<sup>20</sup> Five per cent of the proceeds of the sales of public lands within the state; see note 13.

<sup>21</sup> Granted for Indian Territory in lieu of school lands.

<sup>22</sup> Sixteenth and thirty-sixth section lands and 500,000 acres "internal improvement lands."

<sup>23</sup> Chiefly moneys derived or to be derived from sale of state lands. Area not ascertainable.

<sup>24</sup> Complete data could not be ascertained regarding this fund.

<sup>25</sup> State lands aggregating to approximately 37,890,738 acres were subsequently devoted to this fund. They were not, however, a part of the original capital and consequently do not appear in this column. Original capital given in next column.

<sup>26</sup> Borrowed by the state which later repudiated the debt incurred.

<sup>27</sup> A bequest of a citizen.

<sup>31</sup> Area could not be ascertained, but area of gospel and school lots reserved by same act and supposed to be equal in area amounted to 47,380 acres. Report N. Y. State Supt. Public Instruction, 1833, p. 61; \$12,500 were added as result of the Literature Lotteries of 1801-21.

TABLE XVII—*continued*

State or Territory	Year Admitted into the Union	Titles of Public Permanent Common School Funds	Year Created	ORIGINAL CAPITAL			
				Federal Grants		State Appropriations	
				Land, Acres	Moneys <sup>13</sup>	Land, Acres	Moneys <sup>13</sup>
Wash. W. Va.	1889 1863	Common School Fund <sup>m</sup> School Fund	1889 1863	2,488,675 <sup>5</sup>		Notes <sup>4</sup> and <sup>28</sup>	\$839,022
Wis. Wyo.	1848 1890	School Fund <sup>30</sup> Common School Permanent Fund	1848 1890	1,485,649 <sup>29</sup> 3,458,010	Note <sup>13</sup> Note <sup>13</sup>		Notes <sup>4</sup> and <sup>13</sup> Notes <sup>4</sup> and <sup>13</sup>

<sup>4</sup> Several sources of revenue.

<sup>13</sup> Includes only moneys actually in treasury; such sources as per centum grants, and proceeds of escheated estates are not included in this column.

<sup>28</sup> Only \$120,000 was available in 1863; the remaining \$719,022 was paid later by Virginia. The entire sum was West Virginia's share of Virginia's Literary Fund.

<sup>29</sup> Sixteenth section lands and 500,000 acres of internal improvement lands granted under congressional act of 1841.

<sup>30</sup> Largely a permanent state debt. Cf. note <sup>m</sup>.

<sup>5</sup> Approximate.

<sup>m</sup> In part a "credit fund."



## CHAPTER V

### MANAGEMENT OF PUBLIC PERMANENT COMMON SCHOOL FUNDS

The question whether the Permanent Common School Fund was owned and should be managed by the state or by smaller units such as towns and counties was easily settled in Connecticut, New York, Massachusetts and other states where the fund was created by an act of the legislature and did not arise from the proceeds of the sale of township lands. But in states to which had been granted federal lands for schools, the question at once arose whether these lands belonged to the township or to the state, and if to the township, to what extent the state could supervise or control the management. The first funds of sixteenth-section-lands origin were regarded as belonging to the townships and managed by the townships or the state or county for the township. However, a tendency to regard the state as the lawful owner and manager soon appeared and eventually triumphed. Every state, since the admission of Minnesota in 1858, has devoted its township lands to a public, permanent, state-controlled school fund.

Four distinct stages are evident in the transition from township to state management. In the first stage the lands are regarded as the property of the township in which they are located and the funds derived from them are managed by the respective townships.

In the second stage township ownership continues, but the funds are managed for the respective townships by the several counties in which the townships lie. In this stage the township funds are kept separate, and each township receives an income proportionate to the fund intrusted by it to the county.

The third stage is like the second in most respects except that the state, instead of the county, manages the funds for the townships.

In the fourth stage, the township lands are declared to belong to the state. The state manages the lands, creates a fund derived from their proceeds, and distributes the income of this fund among the counties, townships, or districts in proportion to their school population, average attendance or upon some other general basis deemed just and equitable.

In this as in other evolutionary processes the stages do not appear in chronological order. Thus, the first state to receive a grant of the sixteenth section lands, Ohio, represents the third stage. Having described the stages, it is now possible to discuss them in the order in which they arose.

Each of the following states regarded, and continues to-day to regard the sections lying within the townships as belonging to the same, and administers the fund derived therefrom as township funds:

Ohio, admitted in 1802.<sup>262</sup>

Illinois, admitted in 1812.<sup>264</sup>

Indiana, admitted in 1816.<sup>263</sup>

Alabama, admitted in 1819.<sup>265</sup>

Louisiana, admitted in 1820.<sup>266</sup>

Missouri, admitted in 1821.<sup>267</sup>

The Enabling Act of Ohio, quoted in Chapter III, reads in part, "And be it further enacted, . . . that the section numbered sixteen in every township . . . shall be granted to the inhabitants of such township for the use of schools." This form of grant unquestionably makes the township the true owners of the school lands, but an Act of Congress passed March 3, 1803, granting school lands for

**Township Owner-  
ship and State  
Management.  
Ohio**

<sup>262</sup> School Laws of Ohio, 1898, compiled by State Commissioner of Common Schools.

<sup>263</sup> Report Ind. Supt. of Public Instruction, 1898, p. 60.

<sup>264</sup> School Laws of Ill., 1903, Art. III, Sec. 34.

<sup>265</sup> Data furnished Jan. 8, 1907, by I. W. Hill, Ala. State Supt. of Education. The state holds these funds in trust for the townships. Cf. account given in Part II; also Ala. School Law, 1895, Chap. 4, Sec. 1007.

<sup>266</sup> Compilation of laws of La. relating to Free Public Schools, 1904, Secs. 2957, 2963, pp. 56, 60.

<sup>267</sup> Mo. School Law, 1903, p. 57, Sec. 9829.

portions of Ohio unprovided for in the Enabling Act, vested in trust in the legislature all lands appropriated by the United States for the support of schools.<sup>268</sup>

The legislature doubted its right to sell the school lands and passed an act to lease them for ninety-nine years. This proved unsatisfactory and application was made to Congress for permission to sell the school lands. Congress made no reply to this request.

"The legislature felt the necessity of doing something, and accordingly in January, 1827, passed an act for the sale of the school lands, with such conditions as avoided any question of right as regards the people for whose benefit the lands were held. It was provided, first, that the sale of section sixteen, in the original surveys, should be voted on by the people of the township, and the sale made if they decided so; second, the lands were to be appraised and not sold below the appraisement; third, on full payment of the money, a deed in fee simple was to be made by the state. The same policy was adopted in reference to all the school lands."<sup>269</sup>

"The money derived from the sale of school lands was used for other purposes (than schools). As such moneys came into the state treasury they were accredited to the original township in which the lands lay, and deposited in a so-called sinking fund. The interest on that amount then goes annually to the school districts located all or partly in the original township. The interest is raised by state levy. The rent of unsold school lands is added to the annual revenue."<sup>270</sup>

Mississippi, admitted in 1817, has pursued a twofold policy. The state holds in trust for the Chickasaw counties, a fund on which it pays annual interest to these counties, keeping a separate account for each township.<sup>271</sup> The sixteenth section lands belonging to the Choctaw counties were in some cases sold outright prior to 1833, and the proceeds eventually lost. Others were leased for a term of ninety-nine years.<sup>272</sup>

Alabama followed a policy similar to that pursued by Ohio by

<sup>268</sup> *Statutes at Large*, Vol. II, p. 225.

<sup>269</sup> "Ed. Land Policy of the U. S.," *Barnard Am. Journal of Ed.*, Vol. 28, pp. 936, 937.

<sup>270</sup> *School Laws*, compiled by State Commissioner of Common Schools, 1898, Sec. 3953.

<sup>271</sup> Report Miss. State Supt. Ed., 1894-95, p. 24; *School Laws of Miss.*, 1896, p. 41, Sec. 4150.

<sup>272</sup> Report Miss. State Supt. Ed., 1871, p. 37.

providing in 1828 that the sixteenth section lands granted by Congress should be sold and the proceeds paid into the state treasury, the state becoming a trustee of the funds and liable to the districts and townships for the interest on the principal at six per cent. The proceeds of the sixteenth section lands when sold are placed to the credit of the township from which they were received.<sup>265</sup>

In Illinois the funds derived from the proceeds of the sales of the sixteenth section lands are managed by the respective townships, the township treasurer being the custodian of the fund,<sup>264</sup> but the school fund proper and the title to these townships fund is vested in the state.<sup>273</sup>

Tennessee appears to have been one of the first states which merged the proceeds of the sales of the school lands granted by the federal Government into a public permanent common school fund, owned and managed by the state. It was noted in Chapter III that although Tennessee was the first state in which the federal Government owned lands to be admitted into the Union, no school lands were granted it until 1806, ten years after its admission.\* In the case of Ohio the sixteenth section was definitely located by the United States survey system and given to the inhabitants of the township in which it lay. But Tennessee had not been covered by the congressional survey system, therefore, townships were not yet surveyed in a large part of the state and the school sections granted by Congress could not be located accurately. The result was that the congressional grant of 1806 gave Tennessee the public lands lying within the state, on which the Indian title had been extinguished and directed that

"The state of Tennessee shall, moreover, in issuing grants and perfecting titles locate 640 acres to every square mile in the territory hereby ceded where existing claims will allow the same, which shall be appropriated for the use of schools for the instruction of children forever."<sup>274</sup>

\* Chapter III, p. 53.

<sup>273</sup> Statement to F. H. Swift, Sept. 1, 1906, from F. G. Blair, Ill. Supt. of Public Instruction.

<sup>274</sup> T. P. Thomas, *The Public School System of Tennessee*, U. S. Bureau of Ed., Circular of Information, No. 5, 1893, pp. 282-283.

**Evolution of State  
Management in  
Tennessee  
1806-1827**

The important thing to notice here is that there was no provision in the Tennessee congressional grant of 1806 which made the school lands the property of the townships.

In 1806 the state provided that the newly acquired lands should be surveyed and laid out "so as to form sections as near six miles square as the case will admit."<sup>275</sup> The policy pursued from 1806 to 1824 was to lease the common school lands through commissioners appointed by the county courts. The commissioners were empowered to use the rent to erect a school-house and provide a teacher.<sup>276</sup> Here is represented the second stage,—county management. In 1825 an act was passed providing for the sale of the school lands,<sup>277</sup> but an act passed the following year postponed the sale until certain suits regarding the title to the lands should be settled.<sup>278</sup> In 1827 a law was passed which consolidated all school funds into one, entitled "The Common School Fund," appropriated to the encouragement and support of schools forever."<sup>279</sup>

The absence of provisions in the text of the Tennessee grant made easy the transition from county to state management. But that it was not the definite intention of Congress to provide for the establishing of state funds at the time of the admission of Tennessee nor for some time after, seems to be shown by the form of grant made to Illinois. In this grant section numbered sixteen in each township is granted to the state for the use of the inhabitants of such township for the use of schools.<sup>280</sup>

It was not until the admission of Michigan, in 1836, that a grant was made in a form which could be interpreted as giving the common school lands to the state and not to the townships. The Michigan grant reads in part,

**State Management  
Arising from Form  
of Congressional  
Grant, 1836**

<sup>275</sup> Laws of Tenn., 1806, Chap. I, Secs. 1-6; Haywood & Cobb's *Digest*, 1831, pp. 44-52.

<sup>276</sup> Laws of Tenn., 1817, Chaps. 67, 125, Secs. 7-11; *Ibid.*, 1821, Chap. 67.

<sup>277</sup> Laws of Tenn., 1825, Chap. 85.

<sup>278</sup> *Ibid.*, 1826, Chap. 64.

<sup>279</sup> *Ibid.*, 1827, Chap. 64.

<sup>280</sup> Hinsdale, B. A., *Documents Illustrative of American Educational History*, Report U. S. Commissioner of Education, 1892-93, II, p. 1271.



"Section numbered sixteen in every township within said state . . . shall be granted to the state for the use of schools." <sup>281</sup>

The policy followed by Michigan has been to use for general purposes all moneys received by the state in whole or part payment upon school lands and to establish an account of a Permanent Common School Fund. Michigan has two such accounts on one of which she pays seven per cent annual interest and on the other five. <sup>282</sup>

It may seem that the form of the Michigan grant and the policy subsequently pursued by this state ought to have settled for the states admitted thereafter the question of ownership and management. But while it may have hastened the tendency towards state management, it failed to establish a fixed precedent, as will be seen by glancing at the policies pursued by Arkansas, Florida, California and some other states.

**Michigan Policy  
Fails to Establish  
Precedent**

Arkansas, admitted in 1836, the same year in which the Michigan grant gave the township lands of that state to the state itself, regarded the sixteenth section lands as belonging to the townships and constituted the fund derived from their proceeds a separate fund. In 1889 the sixteenth section fund of Arkansas was merged with the permanent fund established in 1868. <sup>283</sup>

**Change from  
Town to State  
Management**

Florida, admitted in 1845, at first regarded the sixteenth section lands as belonging to the townships. "It was not the original intention that the sixteenth section lands should be sold and merged into a common fund, but rather that . . . such section should confer its benefits upon the township alone to which it belonged." <sup>284</sup> But the indifference of the towns and their failure to make use of the sixteenth section lands led the legislature in 1848 to enact that the register of public lands should provide for the sale of the

<sup>281</sup> *Statutes at Large*, Vol. V, p. 59.

<sup>282</sup> Report Supt. of Public Instruction of Mich., 1903, pp. 22-24.

<sup>283</sup> Report Ark. State Supt. of Public Instruction, 1899-1900, p. 28; Report U. S. Commissioner of Education, 1892-93, p. 1361; Constitution, 1868, Art. 9, Sec. 4.

<sup>284</sup> U. S. Bureau of Education, Circular of Information No. 7, 1888, p. 20, note 2.

township lands, and that the proceeds should be paid into the state treasury for the establishment of the Permanent State Common School Fund.<sup>284</sup> The state school fund of Florida is to-day managed by the Board of Education.<sup>285</sup>

Iowa, admitted in 1846,<sup>286</sup> and Wisconsin, admitted in 1848,<sup>287</sup> provided upon admission into the Union that the proceeds of the sixteenth section lands should be devoted to a permanent common school fund controlled by the state. Nevertheless, this form of management was not yet an accepted policy, for California, admitted in 1850, left the control of the sixteenth and thirty-sixth section lands with the respective townships in which they lay, and it was not until 1861 that provision was made for constituting these funds a part of the state permanent common school fund.<sup>288</sup>

Minnesota was the next state to be admitted after California.

**Minnesota  
Establishes State  
Management, 1858**

The question of state versus township ownership of the school sections was debated carefully and earnestly at the constitutional convention held

July 13, 1857.

"Prominent at this convention was the question whether, inasmuch as the public lands were designated as sixteenth and thirty-sixth sections of each township, the revenue accruing should not be administered by the township authorities for the support of the schools of the township in which the lands were located. In favor of this policy two reasons were urged: First, that instead of appropriating the lands in bulk as they were for the university they had been distributed in townships, which would seem to indicate that they were for the use of the respective townships in which they were located. Second, that to put all these lands under the control of an administration located at St. Paul savored too much of centralization by removing them too far from the people. This view was supported by the recent experience of our nearest neighbor, Wisconsin, where through the mismanagement and defaulting of state officers, the lands were sold at nominal prices to speculators."<sup>289</sup>

<sup>285</sup> Constitution of Fla., Art. XII, Sec. 4, as amended 1894.

<sup>286</sup> Constitution of Iowa, 1846 Art. IX, Second.

<sup>287</sup> Constitution of Wis., Art. X.

<sup>288</sup> Report Cal. State Supt. of Public Instruction, 1864-65, p. 249.

<sup>289</sup> Kiehl, *History of Education in Minn.*, pp. 17-18.

The following are some of the schemes advocated at the constitutional convention for disposing of the school lands:

“1. That each county should be made a guardian of the school lands within its own limits.” Reply: The lands are of very unequal value in the different counties, while it was the design of the donor (U. S.) that the income be apportioned equally among the public school children of the state.

2. That settlements might be made upon school lands in a way that would secure to settlers the value of their improvements and the right to buy in preference to others. These dangerous measures were finally lost.

3. Another plan well calculated to encourage bribery and facilitate loss to the school funds was that whenever lands were to be offered for sale the superintendent of public instruction should appoint appraisers to fix a minimum price of parcels to be offered at public auction.<sup>290</sup>

The question of ownership and management was finally settled by placing the disposition of the sixteenth and thirty-sixth section lands and the management of their proceeds in the hands of the state to constitute a part of the permanent school fund. Every state admitted into the Union since Minnesota, has followed her example. It may be said that Minnesota in 1858 completed the establishment of the policy of state management of township lands and funds arising from the sale of the same.

Many states which originally regarded the sixteenth and thirty-sixth section lands as belonging to the townships later sought to merge the township funds into a common fund controlled by the state. It has already been shown what Alabama, Arkansas, and Mississippi did in this direction, but how they fell short of taking the final step. Tennessee, in 1827, and Florida, in 1848, are among the states which completed the transition from local to state ownership as well as management of these funds. Indiana, in 1851, by constitution adopted that year, sought to establish one state controlled fund for common schools, known as the Common School Fund, and included in this fund the Congressional Township Fund, but the Supreme Court in 1854 decided that the sixteenth section lands were the property of the townships and consequently could not be merged with the Common School Fund.<sup>263</sup>

Three forms of management or policies of administration arose

<sup>290</sup> Report Minn. Supt. of Public Instruction, 1878, p. 35.

out of the transition from township to state management just described, and there still exist three forms or policies of administra-

**Different Existing  
Forms of Manage-  
ment: Township,  
County, State**

tion of public permanent common school funds, namely, township, county, and state. A sufficient number of examples of the first and third forms has

been given, but little has been said concerning county management.

**County  
Management** Texas, admitted as a state in 1845, continued and still con-  
tinues<sup>291</sup> to maintain as county funds the perma-  
nent common school funds the Republic of Texas

had provided for in 1839.<sup>292</sup>

In Missouri four classes of permanent common school funds and consequently four forms of management exist: state, county, township, and district. The Public School Fund is managed by the state,<sup>293</sup> the county and township funds are managed by the county courts of the respective counties.<sup>294</sup> The County School Fund of Missouri was provided as an annual source of school revenue in 1839.<sup>295</sup> In 1868 it was established as a permanent fund.<sup>296</sup> In South Dakota and in some of the other states the principal of the permanent school funds is distributed among the counties which hold and manage their shares as trust funds but are responsible to the state for the inviolate preservation of the same.<sup>297</sup> The Maryland Free School Fund is managed by the boards of county school commissioners.<sup>298</sup> In Iowa the general management of the Permanent School Fund is confined to the auditor of the state.<sup>299</sup> Prior to 1874 the State Superintendent of Public Instruction had charge of loaning the proceeds. Since that time the fund has been handled by the county boards of supervisors of the counties which are responsible for all loss.<sup>300</sup>

<sup>291</sup> Constitution of Texas, 1883, Art. 7, Secs. 4, 6.

<sup>292</sup> Laws of the Republic of Texas, 1839, pp. 120-122.

<sup>293</sup> Revised School Laws of Mo., 1903, p. 57, Sec. 9822.

<sup>294</sup> Ibid., p. 59, Sec. 9829.

<sup>295</sup> Report Mo. Supt. of Public Schools, 1903, p. 94.

<sup>296</sup> Act approved Mar. 27, 1868, Sec. 18.

<sup>297</sup> Constitution of S. Dak., 1889, Art. 8, Sec. 11.

<sup>298</sup> Md. Public School Laws, 1892, Chap. 20.

<sup>299</sup> Report Supt. Public Instruction of Ia., 1875, p. 50.

<sup>300</sup> Data furnished by State Auditor, Nov. 15, 1906.

In Indiana the Common School Fund and Congressional Township Fund are distributed among the counties who manage them through their respective auditors. The school funds are managed by the counties and loaned at six per cent on mortgaged real estate situated in the county.<sup>301</sup> When the Common School Fund of Indiana was established in 1851 by merging several already existing funds, these funds were not deposited in the state treasury but were allowed to remain distributed among the counties which, however, have since paid the revenue into the state treasury whence it is reapportioned among the counties.

The following chapter will be given over chiefly to a consideration of the losses suffered by the public permanent common school funds under the different forms of management just described. But it may be well to point out first in a general way some of the defects of each of these forms and then, at least, state the more important forces which tended to bring about the adoption of the policy of state ownership and management.

The defects of township management will be readily and clearly seen in the account which follows of the losses suffered by such funds. The general defects may be summarized as follows: (1) sacrifice of the school funds to local interests; (2) carelessness and incompetency in management; (3) lack of responsibility to any higher authority; (4) proceeds of sales of school lands lost or applied to other objects; (5) inadequate legislative protective provisions.

The defects in county management may be summarized in almost the same words as those of township management. The evils arising in connection with this form of management in Missouri are to be found in other states.\*

In 1870 the Superintendent of Public Instruction of Missouri wrote:

"Had the funds been properly taken care of, the income from this source [the permanent school fund] would be sufficient to sustain the schools for at

\* Cf. Account of Loss of Surplus Revenue Fund in New York.

<sup>301</sup> Report Supt. Public Instruction of Ind., 1890, p. 40.



least six months in the year. . . . To say that these funds have been grossly and shamefully diverted from their original purpose is putting the case in a mild form. Many of the county courts in utter disregard of the trust imposed upon them, have not only allowed the funds and lands to be used for purposes foreign to their original purpose, but in many instances have entered into combinations with corporations and individuals to so manage these moneys and lands that they have fallen into the hands of private parties. An act was passed last winter to recover these lands. The provision of the act itself defeats the very object for which it was enacted. In nearly every instance where lands have been disposed of not in accordance with law, the blame rests with the county court. By provision of the act above referred to, where lands are recovered by suits instituted by attorneys appointed under the act, they shall be allowed such sums for their services as may be deemed reasonable by the county courts of the county in which the lands recovered are situated.

"The county court is not going to stultify itself by first making an unauthorized sale of lands, and then pay counsel to show that the contract they have made is void. . . . They will employ counsel to defend their action. . . . There is a criminal responsibility resting somewhere for the gradual wasting away of the public school fund." <sup>302</sup>

Three causes which furthered the adoption of state versus local ownership and management of funds derived from the proceeds of township lands may be named: (1) mismanagement and loss of funds under township control; (2) unequal value of lands in different townships; (3) growth in general tendency toward centralization and the desire to unify the school system.

One of the most potent forces tending toward state management was the diverse character of the school lands. In many states lands lying in different townships were of very unequal value. Superintendent Larrabee of Indiana, in his report in 1853, wrote: "In some townships the sixteenth section happened to be valuable, in other townships it fell on barren highlands or in the swamp." The Superintendent of Colorado in the report for 1901-02, page 617, wrote: "The sections set aside for schools in Colorado represent lands of every class from the highest grade of mineral and agricultural lands to the compara-

<sup>302</sup> Mo. Public School Report, 1870, p. xi.

**Forces Tending to  
State Ownership  
and Management**

**Unequal Value  
of School Lands**

tively worthless arid lands, fit for grazing purposes only, and in many instances too barren and desolate even for this purpose."

There are at present in California about four hundred thousand acres of unsold school lands, but Controller A. B. Nye states that it is doubtful whether anyone would buy these lands as a whole at one dollar and twenty-five cents per acre. Almost all of these lands are "in the mountains, inaccessible and of little value."<sup>301a</sup>

Nevada presents an interesting exception to the rule. This state accepted in lieu of sixteenth and thirty-sixth section lands in each township, two million acres to be selected by the state. The sixteenth and thirty-sixth section lands would have aggregated three million, nine hundred, ninety-two thousand acres, but the state had "the advantage of selecting any unappropriated public land whether in the sixteenth or thirty-sixth sections or not."<sup>301b</sup>

Although the unequal value of the school lands was a most powerful force leading the states to assume management of the proceeds of the sale of lands, a general tendency towards centralization of administration was both cause and effect of a desire growing in each state to give unity to the system of schools. The influence of the State Superintendent of Schools upon the educational system of the state could be greatly increased by vesting in him the apportionment of the revenue of the permanent state common school funds. The discussion of this topic belongs more properly to Chapter VII in which will be considered the purpose and effects of the permanent common school fund.

Despite the evils which have attended the state ownership and management of the public permanent common school funds there are several considerations both theoretical and practical which justify the conclusion that it was superior to either township or county manage-

**Nevada Policy**

**Centralization of Administration**

**Advantage of State Over Local Management**

<sup>301a</sup> Statement received from S. B. Nye, Cal. Controller, Dec. 15, 1906.

<sup>301b</sup> Constitution of Nev., Art. XI, Sec. 8; Report Nev. State Land Registrar, 1905-06, p. 14.

ment. In the first place the greatest benefit would be gained if these funds were used not to aid individual communities but the schools of the state as a whole. This purpose was inevitably thwarted where, as was often the case, wealthy townships possessed funds greater than were needed to support their schools, while poor townships possessed small funds. Secondly, so long as the townships were looked upon as the owners of the school funds there was no higher authority to which they held themselves responsible. It was much easier to hold the state responsible than the individual townships. The history of the management of these funds by the states shows a constantly growing effort to protect them and employ them to the best advantage. Thirdly, it was easier to make the laws for the state than for the townships, relative to the management and protection of these funds. Congress and the states united in this effort.

The defects of state management, like those of the township management, will appear in the account of losses, and causes of

**Defects in State  
Management**

loss. One of the greatest, perhaps the fundamental defect in state management, has been the

failure on the part of the majority of the states to provide a single officer, whose sole duty should be to care for and invest the state permanent common school fund. Connecticut early realized the necessity and importance of this, and since 1810 her School Fund has been managed by a single officer known as the Commissioner of the School Fund.<sup>303</sup> Unfortunately the states which were so ready to adopt Connecticut's policy of establishing a permanent fund for common schools failed to see the importance of her provision for managing this fund. The result is that by far the majority of states have intrusted the care of millions of acres of school lands, and the investment of the proceeds of the sales of the same to officers or to a board composed of several officers, all overburdened with other duties.

Throughout the United States there is great variation as to the custodianship and management of the state-controlled funds. In

<sup>303</sup> Hinsdale, B. A. *The Common School Fund of Connecticut*. Report U. S. Commissioner of Education, 1892-93, p. 1260.

some cases the care of the fund is in the hands of an officer appointed especially for this duty, in other cases it rests with a board made up of several state officers.

In the following states the management of the permanent common school fund is in the hands of a single officer, namely the State Treasurer: Maine,<sup>304</sup> Delaware,<sup>305</sup> Rhode Island,<sup>306</sup> South Carolina,<sup>307</sup> Nevada.<sup>308</sup> In Texas the county funds are managed by the counties, but the Permanent School Fund is managed by the controller.<sup>309</sup> The New York Common School Fund and the Surplus Revenue Fund are managed by the controller.<sup>310</sup> The permanent common school fund is managed by a state board of commissioners in a large number of states, among which are Arkansas, Idaho, Kansas, Montana, Wyoming, Minnesota, Nebraska, Oregon, West Virginia, Wisconsin, and Utah. In Arkansas this Board of Commissioners is composed of the State Superintendent of Public Instruction, the Secretary of State, and the Auditor.<sup>311</sup> In Kansas the Board of Commissioners which manages the State Permanent School Fund is composed of the same officers as in Arkansas, except that in the place of the Auditor, the Attorney-General is the third member of the board.<sup>312</sup> In Wisconsin the permanent School Fund is managed by a board of commissioners composed of the Secretary of State, Treasurer, and Attorney-General.<sup>313</sup>

In Florida, North Carolina, and Virginia the fund is managed by the Board of Education.\* The members of these boards of managers are generally selected from among the following officers: the Governor, the Attorney-General, the Secretary of State, the State

\* For these states cf. accounts in Part II.

<sup>304</sup> Revised Statutes (Me.), 1883, Chap. 11, Secs. 117-118.

<sup>305</sup> Del. School Law, 1898, p. 38.

<sup>306</sup> R. I. Laws, 1896, p. 14, Chap. 30, Sec. 1.

<sup>307</sup> S. C. School Law, 1896, p. 9, Sec. 5.

<sup>308</sup> Nev. School Laws, 1897, XIX, Sec. 12, p. 35.

<sup>309</sup> Constitution, Art. 7, Sec. 4.

<sup>310</sup> N. Y. Laws of 1903, Chap. 350, note.

<sup>311</sup> Sandel & Hill, *Digest*, 1897, Chap. 139, Sec. 6941.

<sup>312</sup> Kan. Law, 1901, p. 117, Sec. 308; Gen. Statutes, 1889, Sec. 6650.

<sup>313</sup> Constitution, 1848, Art. X, Sec. 7.



Controller, the State Treasurer, the State Auditor, and the State Superintendent of Schools.

It will be readily understood that officers upon whom devolve duties innumerable are unable to give the attention which is both desirable and necessary to the investment and care of the permanent school fund. One result is that the immediate management and loaning of these funds in a number of states has been quite largely turned over to county officers. The losses which may arise from handing over the management of a large fund to officers elected or appointed primarily for other duties, and the advantages arising from intrusting such a fund to the care of one officer appointed solely for this duty, will be seen by comparing the experience of New York with that of Connecticut.

In New York the controller is the custodian of the United States Deposit Fund. It is managed as follows: two loan commissioners are appointed for each county by the governor and confirmed by the senate for a term of two years. The result is that the responsibility of management of this fund "is scattered through one hundred and twenty-two agencies, inadequately supervised by disconnected authority in the Supreme Court, controller and boards of supervisors, with no disciplinary power beyond reporting defaults of loan commissioners to the governor, to be transmitted to the Senate which may remove from office. The records do not show that a removal was ever made."<sup>314</sup>

The loan commissioners in many cases are incompetent to pass upon abstracts of title and appraisals of property upon which the loans are made. In many cases they are indifferent to the discharge of their duties. The law requires that loans can be made only on property worth double the amount. Nevertheless, these laws have been continually ignored for nearly fifty years as shown by the two following passages, the first from the controller's report, 1877, and the second from the controller's report, 1906:

"Money is loaned upon property not worth double the amount of the

<sup>314</sup> Annual Report of the Controller of N. Y., 1906, pp. lv ff.



mortgage [as required by law]. Second and third mortgages are taken; searches are not made; minutes are not kept, . . . forged and fictitious mortgages have been taken, and during the past two years . . . commissioners . . . have absconded. . . . The state has to-day thousands of dollars invested in farms, the result of foreclosed loans that will not sell for a third of the principal and interest due.”<sup>315</sup>

“A liberal estimate of the present worth of the \$1,442,837.91 held by loan commissioners [of the United States Deposit Fund] of the entire state will not exceed \$1,000,000 of sure assets.”<sup>316</sup>

The losses suffered by the principal of the United States Deposit Fund from April 4, 1837, to September 30, 1905, amount to \$333,862.17 as follows: \$199,035.44 lost on resale of lands; \$56,045.75 lost on foreclosure sale of lands; \$33,975.63 lost by failure of title; \$44,804.38 lost by defalcation of loan commissioners.<sup>317</sup> The average annual loss of the United States Deposit Fund has been nearly five thousand dollars (\$4,909).

In contrast to New York, Connecticut profited by the evil experience she met with as the result of intrusting her fund to a board of managers, and set about to make proper provisions for its care. From 1795 until 1800 Connecticut intrusted the management of the school fund to a committee of eight that had sold and transferred the lands. In 1800 a board of four persons, known as “Managers of the funds arising in the sales of the Western Reserve,” was appointed. The report of the managers presented to the legislature October, 1809, showed that the condition of the fund was very unsatisfactory. “A large amount of interest was unpaid and the collateral securities of the original debts were not safe.” Upon a recommendation of a committee of the legislature it was decided to put the fund in the care of one man, and in 1810, Honorable James H. Hillhouse, for sixteen years a United States Senator, was appointed “Commissioner of the School Fund.” This office has continued from that time until the present. Mr. Hillhouse immediately resigned his position in the Senate and entered on the duties of his new office. “He found that the capital consisted chiefly of

<sup>315</sup> Controller's Report, 1877, p. 28.

<sup>316</sup> Controller's Report, 1906, p. lxii.

<sup>317</sup> Ibid., p. 280.

the debts due from the original purchasers of the Western Reserve and the substituted securities which had been accepted in their stead. These securities had in the course of fifteen years, by death, insolvency, and otherwise become involved in complicated difficulties. The interest had fallen greatly in arrears, and in many cases nearly equaled the principal. The debtors were dispersed in different states. Without a single litigated suit, or a dollar paid for counsel, he reduced disordered management to an efficient system, disentangled its affairs from loose and embarrassed connections with personal securities and indebted estates, rendered it productive of a large, regular, and increasing dividend, and converted its doubtful claims into well-secured and solid capital. During the fifteen years of his administration the annual dividend averaged \$52,061.35 and the capital was augmented to \$1,719,434.24.”<sup>303</sup>

To expect the State Superintendent of Schools, the State Treasurer or Auditor, or some equally busy and sought-after person to care for a large fund is unworthy of an intelligent commonwealth. The State Superintendent of Wisconsin some years ago presented the matter strongly in his report as follows: “The provisions for the sale of lands are inadequate and unbusiness like. By the constitution the Secretary of State, the State Treasurer, and the Attorney-General are made commissioners of public lands. Each of these officers is personally responsible for the administration of another great bureau of the state government. These commissioners are hampered . . . by the want of authority to pay . . . competent agents to view and inspect these lands. By this short-sighted policy the state has lost millions to save thousands.”

“The building of a new railroad, the establishment of large mills . . . , the discovery of iron ore, an unexpected use for a kind of timber . . . may cause state lands . . . to suddenly rise greatly in value. Private parties or corporations have agents in the field to learn these facts and buy the lands before the public officers learn of the change in the situation.”<sup>318</sup>

Sufficient reasons have not yet appeared why permanent common

<sup>318</sup> Report Wis. Supt. of Public Instruction, 1891-92, pp. 141-142.

school funds, with proper management should not have increased through investment as well as through the sale of school lands.

It is much to be regretted that the policy which Connecticut adopted in 1810 of appointing one man whose duties were confined to the management of the State School Fund was not adopted by all the other states of the Union. Had this been done, millions of dollars might have been saved to common schools.

Many of the "credit funds" call for no special officer to care for them. It seems safe to say that every state mentioned in the first six groups in Table IV, Chapter I, ought to have a commissioner of the school fund whose duties would be to attend not merely to the secure investment of the fund but to the collection of unpaid interest and notes, and hasten the settling of disputed titles of school lands. Such an officer would undertake to see that necessary legislation was enacted to add to the school fund moneys now due it but of which it is deprived owing to the incompleteness of the laws. It is impossible for officers whose chief interest lies in other directions and who have only a limited staff, to manage these funds to the best advantage. A natural result is that these officers have in some states delegated the immediate investment and care of these funds to county officers, who in a large number of cases, do not have the cause or the common schools at heart and have little appreciation of the trust placed in their hands.

The unfortunate experience of the states which early established permanent common school funds, related in the following chapter, was not lost upon states which later came into the possession of school lands. A study of the land grants and of the state constitutions and laws reveals an increasing effort to protect the school lands and the funds derived therefrom. The provisions in the earlier state constitutions were of a general character which left the most important matters respecting the management of the funds to the action of the legislature. But in the constitutions framed later the number and exactness of the provisions constantly increased. The earlier constitutions provide merely for the establishment and preservation of a permanent fund whose income shall be devoted to the support of common

**Efforts Toward  
Better Management**

schools. The more recent constitutions make provisions regarding the sale price of school lands, the securities in which the proceeds of the sales shall be invested, the management of the fund, the method of sale and of leasing school lands, and other important matters. The Enabling Acts of Ohio and of Alabama granted section number sixteen in every township or, where such section has been sold, lands in lieu of the same, to the inhabitants of such township for the use of schools. Their respective constitutional conventions and legislatures did not regard it within their scope to make any but general provisions. But the Michigan grant in 1836, as previously stated, gave the lands to the state, and the constitution of Michigan, adopted January 26, 1837, provided that the proceeds of all lands granted by the United States should remain a perpetual fund for the support of schools throughout the state. More than this, it provided that any school district neglecting to maintain a school for three months should be deprived of its portion of the interest of this fund. The importance of these provisions justifies quoting them here.

#### CONSTITUTION OF MICHIGAN, 1837, ARTICLE X

"Sec. 2. The legislature shall encourage, by all suitable means the promotion of intellectual, scientific and agricultural improvement. The proceeds of all lands that have been or hereafter may be granted by the United States to this state for the support of schools, which shall hereafter be sold or disposed of, shall be and remain a perpetual fund, the interest of which, together with the rents of all such unsold lands, shall be inviolably appropriated to the support of schools throughout the state.

"Sec. 3. The legislature shall provide for a system of common schools, by which a school shall be kept up and supported in each school district at least three months in every year; and any school district neglecting to keep up and support such school may be deprived of its equal proportion of the interest of the public fund."

The constitution of Michigan merely provided that the interest of the fund should be appropriated to the support of schools throughout the state. The constitution of Oregon, framed in 1857, and which became effective upon the admission of that state into the Union in 1859, shows an increase in the number and exact-



ness of the provisions respecting school funds and their application. It reads: "The interest . . . shall be exclusively applied to the support and maintenance of common schools in each district and the purchase of suitable libraries and apparatus therefor." Moreover, section 4 provides the method by which the revenue of the school fund is to be apportioned among the several counties. Section 5 provides for the constitution of a board of commissioners for the sale of the school and university lands.<sup>319</sup>

The constitution of Minnesota, 1858, framed a year later than that of Oregon, shows further progress in the tendency to guard the manner of disposition of the school lands. It provides that not more than one-third of the lands shall be sold in two years, one-third in five years, and one-third in ten years, and the lands of greatest value shall be sold first: "*Provided*: That no portion of the state lands shall be sold otherwise than at public sale." The constitutional provisions read as follows:

"Sec. 1. The stability of a republican form of government depending mainly upon the intelligence of the people, it shall be the duty of the legislature to establish a general and uniform system of public schools.

"Sec. 2. The proceeds of such lands as are or hereafter may be granted by the United States for the use of schools within each township in the state, shall remain a perpetual school fund to the state, and not more than one-third of said lands may be sold in two years, one-third in five years and one-third in ten years; but the lands of the greatest valuation shall be sold first, provided that no portion of said lands shall be sold otherwise than at public sale. The principal of all funds arising from sales, or other disposition of lands, or other property, granted or intrusted to this state in each township for educational purposes, shall forever be preserved inviolate and undiminished; and the income arising from the lease or sale of said lands shall be distributed to the different townships throughout the state, in proportion to the number of scholars in each township between the ages of five and twenty-one years, and shall be faithfully applied to the specific objects of the original grants or appropriations.<sup>320</sup>

"Sec. 3. The propositions contained in the act of Congress entitled 'an act to authorize the people of the territory of Minnesota to form a constitution and state government preparatory to their admission into the Union on an

<sup>319</sup> Constitution of Oregon, 1857, Art. VIII.

<sup>320</sup> Constitution of Minn., Art. VIII, Secs. 1, 2, quoted from statutes of Minn., 1849-58.



equal footing with the original states,' are hereby accepted, ratified and confirmed, and shall remain irrevocable without the consent of the United States. and it is hereby ordained that the state shall never interfere with the primary disposal of the soil within the same, by the United States, or with any regulations Congress may find necessary, for securing the title to said soil to bona fide purchasers thereof; and no tax shall be imposed on lands belonging to the United States, and in no case shall nonresident proprietors be taxed higher than residents." <sup>321</sup>

The constitution of Kansas in 1859 provided in section 3 for the establishment of a perpetual school fund from the lands that had been or in the future might be granted to the state for the support of schools, as well as from the proceeds of five hundred thousand acres of land granted under the act of 1841. It further provided that the principal of the fund should be increased from the estate of persons dying without heir or will, and from such per cent of the proceeds of the sales of public lands as may be granted by Congress. The object to which the revenue may be applied is stated in general terms, namely, the support of common schools. Section 4 provides for the annual distribution of the income of the State School Fund and for the basis of apportionment, namely, school population. It further makes the maintenance of a school at least three months annually, a condition which must be fulfilled in order to entitle the district to receive any portion of the revenue of the fund. Section 5 makes provision for the manner of selling lands. All sales must be authorized by a vote of the people at a general election. School lands must be revalued every five years. The rate must be established by law. <sup>322</sup>

To guard against selling school lands for less than their real value a policy developed of providing in the state constitution a minimum sale price. One dollar and twenty-five cents per acre was the minimum price set by the older public land states. Michigan originally set eight dollars per acre as the minimum, but afterwards reduced it to five dollars. Nebraska, admitted in 1867, provided in her first constitution, five dollars per acre as the minimum price of school lands. In 1875 the price was raised to seven

<sup>321</sup> Ibid., Art. II, Sec. 3.

<sup>322</sup> Constitution of Kansas, 1859, Art. 6, Secs. 2-5.

dollars. Washington, North and South Dakota, admitted in 1889, provided by their respective constitutions, ten dollars per acre as a minimum.

Space does not permit carrying this topic further, nor can it be undertaken here to show the wise management which has controlled the funds in some states. Suffice it to say, that as a result of the increasing efforts to protect the funds, certain of the states which have come into the possession of common school lands appear to have managed them well and to have suffered no unavoidable loss. Reference to the table given at the close of Chapter I will reveal a number of states in which the entire fund is intact owing to the careful and wise administration it has enjoyed.

The history of the loss and management of the public permanent common school funds offers many important suggestions to students of economics and education. The losses these funds have suffered and the decreasing importance of the funds as sources of school support, show how necessary it is that any fund set aside as a permanent endowment be surrounded by conditions and provisions which will, on the one hand, protect it, and, on the other hand, leave open the way for readjustment when conditions change, as they inevitably will. These funds have accomplished a truly marvelous work in the part they played in laying the foundations of our systems of free public schools. To what extent this assertion is true will perhaps be made clear in another chapter which will undertake to show the educational results accomplished through the public permanent common school funds in the United States.

## CHAPTER VI

### LOSS OF THE PUBLIC PERMANENT COMMON SCHOOL FUNDS

"This seems evident that a wise administration of all the provisions relating to the school funds should have resulted in a permanent endowment of from fifteen to twenty million dollars: that we have instead  
**Wisconsin** cash and money invested \$3,401,461.00 and a permanent debt of \$2,251,000. The effect is the creation of a perpetual state debt requiring the levy and collection of an annual state tax to the amount of \$157,570 to pay the interest thereon. The interest paid thus far amounts to \$4,200,000 and the process seems just begun. . . . Additional burdens of taxation are the only fruits of the school fund, the very result it was intended to avoid." Extracts from Report Wisconsin State Superintendent of Public Instruction, 1892, pp. 152-154, 161.

"A liberal estimate of the present worth of the \$1,442,837.91 held by the loan commissioners [in New York State of the United  
**New York** States Deposit Fund] will not exceed \$1,000,000 of sure assets." Report, New York Controller, 1906, p. lxii.

"School land in Ohio has been taken at six dollars per acre, worth at the time fifty dollars." Extract from the first report, Ohio  
**Ohio** Superintendent of Schools.

"There is no more melancholy chapter . . . in American history than the record of the amazing waste of this great national gift to the people of Ohio. A. D. Mayo, *The Development of Common Schools in the Western States*, p. 363.

". . . . In Iowa and Wisconsin . . . these splendid grants have become the prey of speculators. . . . The interests of the fund have been uniformly sacrificed to the interests of local combinations." Extract from message of Governor Ramsey to  
**Iowa** Minnesota Legislature, 1861.

"To say that these funds have been grossly and shamefully diverted from their original purpose is putting the case in a mild form. Many of the county courts . . . have entered into combinations with corporations and individuals to so manage these moneys and lands that they have fallen into the hands of private parties." Missouri  
**Missouri** Public School Report, 1870, p. xi.

"The defaulted interest up to 1900 amounts to \$700,000." Report, Superintendent of Public Instruction of Texas, 1899-1900, p. xlvii. "2,618,286.10 acres of public lands were sold at fifty cents an acre."

Texas

Report of Texas Commissioner of the General Land Office, 1899, p. 21.

The account given in this chapter of the losses suffered by the public permanent common school funds is in no sense complete.

Loss of Funds  
Difficult to  
Ascertain

The most that can be done in a discussion which attempts to cover as broad an area as this is to present instances of typical losses. In many states a complete set of educational or of financial reports appear not to exist. Furthermore it is only now and then that a state report reveals the condition of the permanent common school fund. Whole decades pass with almost no mention of these funds. Questions sent to state departments of finance and of education have been in some cases not answered, and in other cases answered incorrectly. Thus the answers received from Iowa would lead one to suppose that the only losses which the permanent school fund had suffered amounted to ten thousand, nine hundred thirty-seven dollars eighteen cents (\$10,937.18). The following question was asked: "Estimate as nearly as you can the total loss sustained by the permanent school fund from the time of its establishment to the present." The answer given reads: "The above \$10,937.18 represents the loss to the fund prior to January 1, 1874.<sup>323</sup> The report of the State Superintendent of Public Instruction 1868 states that at that time the auditor estimated that there had been lost to the fund over one hundred twenty-five thousand dollars (\$125,000).<sup>324</sup>

Further, it is impossible to estimate the amounts which the funds in the different states are being annually deprived of, owing to failure to properly collect interest due on notes, fines and other moneys set apart by law for the increase of the principal of the permanent common school fund. Here and there a state superintendent gives some estimate of the losses in his particular state,

<sup>323</sup> Answers returned to F. H. Swift, Nov. 15, 1906, from Iowa State Auditor.

<sup>324</sup> U. S. Bureau of Education, Circular of Information, 1888, No. 7, p. 15.

but only by a most careful investigation conducted by each state would it be possible to secure anything like a complete account of the total losses in the United States.

**Loss Under Town-  
ship Management  
of Funds; Records  
and Proceeds Lost**

The loss due to the mismanagement of permanent funds by townships was not confined to any particular state or section.

Connecticut in 1837 deposited her portion of the United States Surplus Revenue Loan with the towns to be loaned by them.

**Connecticut**

Soon after the loan had been made, the principal began to be absorbed and diverted by the towns, so that at the present time we are told that in most cases the fund exists only on paper.<sup>324a</sup>

Three hundred and fifty-five towns in Maine should have possessed town funds as a result of Massachusetts legislation, 1788, and of subsequent legislation.

**Maine**

In 1898 seventy-three towns had misappropriated their funds.<sup>324b</sup>

In California, the towns sold some fifty thousand acres of lands prior to the consolidation of the sixteenth and thirty-sixth section lands with the State School Fund. The proceeds of the sales of these lands, estimated at two dollars per acre, should have added one hundred thousand dollars (\$100,000) to the State School Fund, but the money has never been heard of.<sup>324c</sup>

**California**

In Louisiana and Mississippi the story is much the same: the townships sold large areas of school lands, but the proceeds of the sales have entirely disappeared.

**Louisiana,  
Mississippi**

Frequently the indifference or lack of business methods of those charged with the sale of the school lands has resulted in no record being made of the sales, or in a careless record.

**Sales Not  
Recorded**

In Louisiana some townships intrusted the proceeds of their school lands to the state, some still possess their lands, others have lost all record of them.<sup>324d</sup> In Mississippi

<sup>324a</sup> Report Conn. Board of Education, 1903, p. 43.

<sup>324b</sup> Me. School Report, 1898, p. 52.

<sup>324c</sup> Report Cal. State Supt. of Public Instruction, 1864-65, p. 249.

<sup>324d</sup> U. S. Bureau of Education, Circular of Information, 1898, No. 1, p. 104.



school lands have been sold and the record of sales lost. In 1895 the titles of some school lands were still in process of litigation.<sup>325</sup>

The Superintendent of Schools of Alabama, in his report for 1891 wrote: "The loss has frequently been due to the failure of properly recording the sale and title of the school lands. Much of the time of this department is consumed in investigating . . . records relating to the sixteenth section lands. Little evidence has been found regarding the sale of school lands. It is impossible to tell in many cases what subdivisions were sold, because trustees reported by lots instead of subdivisions of sections, and frequently no date of purchase is recorded. Parties who claim to have purchased these lands before the war from the state or from those who originally purchased the same are continually applying for patents, and in order to issue the same, secondary evidence has to be relied upon."<sup>326</sup>

In a large number of states the manner in which the school lands were sold resulted in great loss to the funds. The bad policies employed vary all the way from methods which were unbusiness like, short-sighted and inefficient to those which were clearly dishonest and fraudulent. This topic will be discussed more fully in connection with management under state control: here one example, that of Ohio, will suffice to suggest what happened in many states. The first report of the State Superintendent of Schools in Ohio contains the following statement: "School land has been taken at six dollars per acre *worth at the time fifty dollars*. School lands have been sold at less than one dollar and in some cases at less than fifty cents."<sup>327</sup>

Intrusting the management of the funds to local officers in some cases indifferent, in many cases incompetent, has resulted in another evil: namely, the investment of the principal in poor securities. Attention has been called in the previous chapter to the account by F. P. Alcott, Controller of New York state, in his report, 1877, wherein he wrote

Losses Due to Bad  
Method of Sale

Loss Due to  
Bad Investment

<sup>325</sup> Report Miss. State Supt. of Education, 1894-95, p. 31.

<sup>326</sup> Report of School Supt., Alabama, 1891, p. 7.

<sup>327</sup> Quotation taken from S. P. Orth, *Centralization of Administration in Ohio*.

respecting the loaning of the United States Surplus Revenue Fund by county commissioners: "Searches are not made, minutes are not kept, . . . Forged and fictitious mortgages have been taken."<sup>315</sup>

The state of Missouri presents a striking illustration of loss under local management and of the complex and many reasons causing such losses.

The report of the Superintendent of Public Schools of Missouri for the year 1870, Chapters XII and XIII, attempts to give an account of the Township School Fund lost. As previously stated, the counties managed this fund for the towns. The report shows that over one hundred seventeen thousand dollars of the Township School Fund alone was reported as having been lost prior to 1870, but owing to the fact that in cases of many townships the amount lost could not be ascertained the total loss exceeded the sum named in the report. Among the various causes of loss named are the following: burning of the court-house, parties running away, parties insolvent, default of county treasurer, notes outlawed, stolen, carelessness, the war, insufficient security, parties absconding, robbery, records imperfectly kept, townships having no fund being too disloyal to organize, records burned, carelessness of officials, worthless notes.

The reasons given for losses by the different counties number over twenty. Some counties give more than one reason for loss, so that in the following table the sum of the counties does not equal the sum of the reasons.

TABLE XVIII. LOSS OF TOWNSHIP SCHOOL FUNDS IN MISSOURI PRIOR TO 1870

(Taken from pp. XII-XIV, Report of Missouri Superintendent of Public Schools, 1870)

Counties	Present Amt. of Town Fund in Each County	Amount of Fund Lost in Each County	How Lost	Remarks
Adair	\$12,573	Unknown	Court-house burned	\$200 used 1868 to pay county treasurer
Andrew	49,908	\$1,000	Parties ran away	
Audrain	24,738	945	Parties insolvent	
Barry	4,092	1,991	Default of county treasurer	

TABLE XVIII—*continued*

Counties	Present Amt. of Town Fund in Each County	Amount of Fund Lost in Each County	How Lost	Remarks
Barton	\$4,468			
Bates	35,071	\$554	Parties insolvent	
Benton	13,977	Much lost	Supposed to have been paid to Gov. Jackson, 1861	All records of school money lost during late (Civil) War
Bollinger	5,788	363	Parties insolvent	Suits pending to recover money loaned before the war
Boone	33,721			
Butler	5,013	Much lost	Parties insolvent	Money loaned before the war—interest not paid—no suit brought to recover money
Caldwell	18,808			
Callaway	37,969			
Camden	7,179	64	Note outlawed	Interest not punctually paid.
Carroll	38,013	1,241	Insolvency	Money of several townships cannot be collected
Carter	300			
Cass	41,742	972	Worthless notes	
Cedar	6,401	5,551	The war	
Christian	5,518			
Clark	23,409			
Clinton	26,414			
Cole	29,392	457	Carelessness	
Cooper	26,108	3,268	Insolvency and theft	
Crawford	9,215			
Dade	10,819	5,813	Court-house burned	Records burned; suits brought to recover, parties plead payment
Dent	7,762			
Dunklin		Records do not show amount of fund		County Court can tell nothing about school fund
Gasnade	16,783		No acc't kept of loss	
Girardeau	20,577			
Green	13,367			Very imperfect account kept

TABLE XVIII—*continued*

Counties	Present Amt. of Town Fund in Each County	Amount of Fund Lost in Each County	How Lost	Remarks
Grundy	\$17,075	Much lost	Insufficient security	Much lost by letting to individuals without good securities
Hickory	7,092	\$700	Parties absconding	School fund used to pay county clerk and county treasurer
Holt	12,978	315	Insufficient security	
Howard	17,207	14,812	Robbery	Stolen from bank Oct., 1864
Jasper	20,652	11,909	Insufficient security	
Jefferson	31,001	302	Poor note	Money from fines, penalties, etc., apportioned annually
Johnson	30,432	Not reported	Insufficient security	
Lafayette	32,490			
Lawrence	18,051	Not reported	Records imperfect	County attorney investigating old cases.
Lewis	20,542			Money loaned, notes taken and allowed to be lost by statute of limitation
Lincoln	26,294			
Linn	18,581	Not reported	Insufficient security	Bad notes approved by County Court
Livingston	25,304	4,100	Insolvent borrowers	
Maries		Records lost	Treasurer absconded	Suit pending to recover amount of school money
Madison	5,683	Not able to say		
Marion	37,257			
Mercer	10,914			
Mississippi		31,146	Notes outlawing	Nearly all school money has been misapplied for last sixteen years.
McDonald	2,283	Two townships have no fund, being too disloyal to organize		None of money in county invested

TABLE XVIII—*continued*

Counties	Present Amt. of Town Fund in Each County	Amount of Fund Lost in Each County	How Lost	Remarks
Moniteau	\$21,074	\$150	Bad note	Some notes given before the war.
Monroe	31,585	1,500	Insufficient securities	
Montgomery	17,314	Not reported	Records burned	Loss unknown, records burned during war
Newton	11,440	6,946	Insufficient security	\$4,884 in old ante bellum notes
Oregon	2,701	Not reported	War	Misapplied by County Court
Osage	10,748	1,604	Insufficient securities	Insolvency and absconding
Pemiscot	6,166			
Perry	16,579			Old notes on file in office show some loss.
Pettis	29,364			Some lost by parties becoming insolvent, but a greater part was used by parties for private use
Pike	45,267	Not reported	Insufficient security	Many old notes, cannot tell how much is good
Platte	19,394	Heavy loss	Insufficient security	
Polk	10,815	Cannot tell	Notes lost or destroyed during war	
Pulaski	1,513	Not reported	Insufficient security	A large amount standing out on old notes. County Court trying to collect
Ralls	26,448			All school money jealously guarded
Randolph	22,152	154	Insufficient security	
Ray	33,261			Fines and penalties distributed annually
Saline	85,350			\$14,000 in litigation
Schuyler	7,591			
Scotland	10,742	1,592	Insufficient security	
Scott	7,426			
St. Charles	77,144	Not known	Officers careless	\$8,000 in litigation
St. Clair	16,673	16,673	By war	Lost \$63,971 during war. County Court is trying to recover



TABLE XVIII—*continued*

Counties	Present Amt. of Town Fund in Each County	Amount of Fund Lost in Each County	How Lost	Remarks
St. Francois	\$20,881	\$477		
Shannon	1,600	800	Insufficient security	Money not invested
Shelby	22,537	350	Insufficient security	Mortgaged property sold for less than debt
Stone	7,800			
Taney	723			
Texas	5,779	Not reported		\$2,000 in litigation. Execution issued
Warren	15,090			
Washington	30,879	162	Not reported	Some money loaned to county
Wayne			All funds lost during war.	
Worth	4,367	2,711	Insufficient security	
Wright	2,018	Not reported	Treasurer absconded	Treasurer gave no bond

Summary	{	Total number of counties . . . . .	81
		Counties reporting a definite loss . . . . .	31
		Counties reporting a loss but unable to state amount . . . . .	18
		Counties in which loss has occurred . . . . .	49

*Reason Given for Loss \***No. of Counties Giving This Reason*

1. Security insufficient . . . . .	15
2. Parties insolvent . . . . .	9
3. War . . . . .	5
4. Poor notes . . . . .	4
5. Notes outlawed . . . . .	3
6. Parties absconding . . . . .	3
7. County treasurer defaulted or absconded . . . . .	3
8. Imperfect accounts kept . . . . .	3
9. Moneys belonging to capital of fund apportioned annually . . . . .	2
10. Used to pay county officers . . . . .	2
11. Carelessness . . . . .	2
12. Records burned . . . . .	2
13. Theft . . . . .	2

\* This tabulation is based on data included in column "How Lost"; does not include data under "Remarks."

TABLE XVIII—*continued*

<i>Reason Given for Loss *</i>	<i>No. of Counties Giving This Reason</i>
14. County court-house burned . . . . .	1
15. All records lost during Civil War . . . . .	1
16. County failed to collect notes . . . . .	1
17. Records incomplete . . . . .	1
18. Notes lost or destroyed . . . . .	1
19. Misapplied . . . . .	1
20. Used by individuals for private purposes . . . . .	1

Total number of reasons, 20.

Given by 58 counties.

Reasons 11 and 16 are almost identical.

Reasons 10 and 19 are almost identical.

It soon became evident that state control would not in itself insure the permanent school funds against loss. The causes of loss under township control arose in many cases under state. The sale of lands below value, misappropriation of proceeds, dishonest management and bad investment characterized the earliest attempts at state management.

Kansas received from twenty to forty per cent less for her school lands than their real value. The Superintendent of Public Instruction in a report wrote:

"These common school lands and those of the Atchison, Topeka and Santa Fe Railroad were selected in the same manner, our interest is lower and our time longer than this company's. Our school lands should sell for a higher price, but they sell for less."

In 1878 the average price of the school lands was three dollars and seventy-three cents per acre, that of the Atchison, Topeka and Santa Fe railroad lands, four dollars, fifty-two cents. The following year the average price of the school lands was three dollars fifty-seven cents, whereas the average price of the railroad lands was four dollars, seventy-two cents. It has already been

\* This tabulation is based on data included in column "How Lost"; does not include data under "Remarks."

stated that in Ohio school lands worth at the time fifty dollars an acre had been sold at six dollars.<sup>327</sup>

Governor Ramsey, in his message to the Minnesota legislature in 1861, made a most excellent comparison of the sale policies of Wisconsin, Iowa, Michigan, and Minnesota. His message was in part as follows:

Governor Ramsey's  
Comparison of Sale  
Policies and  
Minimum Prices

The minimum price of school lands in Iowa and Wisconsin was fixed by law at \$1.25 per acre, "under which (system) their splendid grants have become the prey of speculators . . . under the appraisal method of those states, the interests of the fund have been uniformly sacrificed to the interests of local combinations. While . . . they have managed to get rid of a large amount of lands in a short . . . time—which . . . seemed to be the main object—they have realized only a small proportion of their true value to the state. The minimum of \$1.25 which the legislatures of those states adopted shows at how low a rate they prized the national boon.

"The results of their short-sighted policy ought to be sufficient warning against the errors of their example. Considerably more than half of the school lands have been sold in these states within the last ten years, and the fund realized in each case has been less than two million dollars. It would be mere repetition to say that, under a proper system, nearly the same results might have been obtained from a third of the lands sold. In Michigan, where a minimum of \$8.00 originally obtained—afterward reduced to \$5.00—out of only a million acres of school lands, one-third have been sold in twenty years, with a resulting fund of \$1,613,434. It is worthy of remark, that over \$400,000 of this was produced by the sales of the first five years, at an average of \$7.00 per acre."<sup>328</sup>

"The first sales of (Minnesota) school lands occurred in the autumn of 1862 at a most unpropitious period, many able-bodied citizens having volunteered as soldiers . . . and hundreds having abandoned their farms in the frontier counties to escape . . . the savage Sioux, while those who expected to settle in the state halted in regions supposed to be more secure. The result of the sales in the face of all these discouragements surprised the most sanguine. . . . More than thirty-eight thousand acres were disposed of at a little more than six and one-third dollars per acre, as will be seen by examining the following statement:" Total sales from 1862-1866; number of acres, 210,722.67; price realized, \$1,324,779.03; average per acre, \$6.284.<sup>328a</sup>

<sup>328</sup> Extract from Governor Ramsey's message to the Legislature of Minnesota, 1861. Report of U. S. Commissioner of Education, 1867-68, p. 73.

<sup>328a</sup> Report, U. S. Commissioner of Education, 1867-68, p. 74.

The terms on which school lands were purchased in many states were so easy that often the lands were bought, used, and then left in a comparatively worthless condition to revert to the state. Many instances can be found where large tracts of timber land were purchased at not more than two dollars and a half an acre. The buyer paid forty per cent of the purchase price with a specified rate of interest on the amount remaining unpaid. The result was that as soon as the timber was taken off the land, the company or purchaser discontinued payment and the land returned to the state. The following letter, received from a competent and reliable authority, might have been written from any of several states in the Middle Northwest:

“Professor Fletcher Harper Swift,

“Dear Sir: It is perhaps hardly necessary to say that the large area of pine lands in the northern part of the state appealed to a comparatively small body of men. There were a few lumber pioneers, men, as a rule of limited education, but of great energy, much foresight and large financial ability, who saw the possibilities for fortunes in the pine forests. They also recognized that the communities between the north and the south part of the state would, for many years, be quite limited and that the large open prairies in the southern parts would naturally attract and hold the great body of settlers. They were entirely correct in their conclusion and the southern part of the state for decades remained absolutely ignorant of what was in the northern part. The children were informed in the schools and the parents through the newspapers then in existence, that the pine forests of the state were simply inexhaustible, and while those living along the great rivers could not fail to have their attention called to the numerous quantities of lumber coming down during the open season, they thought little about it. When the legislature met, the energy and shrewdness of those who knew the situation covering the greater part of the state were easily able to secure the election to the legislature of such persons as were more or less allied to their interests. These men were also men of shrewdness and ability and apparently well understood why they were selected to represent the northern part of the state in the legislature. While they were very few in number, they with the forces back of them, exerted large influence and were able to secure the passage of laws relating to the sale of public lands that were favorable to the lumber interests. One citizen of the middle western part of the state who was at that time wealthy, and who afterwards was for several years a janitor told me that he purchased a saw mill and in forty days made \$10,000 net. He stated, however, that this was the most money that he had ever made in a limited time. One man tramped

on snow shoes from Canada, who was barely able to read and write and keep simple accounts. His tremendous energy, however, put him in command of lumber interests so that it was not a great while until his fortune was estimated to be three millions of dollars.

Very truly yours,\*

That decrease in value of school lands due to their being stripped of timber was general needs not to be declared to anyone familiar with the history of the treatment of forest lands in the United States. Governor C. M. Zulick, in 1887, stated that lands set aside by Congress in Arizona were uncared for, misused by settlers and denuded of timber by lumbermen and that when help was needed the lands were in a condition which made it impossible to rent them or sell them.<sup>329</sup> Again the Superintendent of Public Instruction of Wisconsin in 1892 wrote: "It is notorious that state lands covered with valuable timber have been sold, a fraction of the purchase price paid, the timber removed, and the land then allowed to lapse to the state."<sup>330</sup>

Another cause which has resulted in lands once sold being returned to the state unpaid for, is that the taxation levied upon them has been unjustly severe. That this cause of loss was not confined to one state is evident from complaints in educational reports of Missouri, Wisconsin, and other states. In 1859 Superintendent of Public Instruction in Wisconsin, Lyman C. Draper, complained that exorbitant taxation was leading many who had purchased school lands on mortgages to forfeit the lands to the state, thus throwing them back upon the state and depriving the state of interest. He cites a case in which it is stated sixty-eight dollars and forty-eight cents was charged for one year as interest on the non-payment of one hundred forty-eight dollars, sixty-five cents.<sup>331</sup>

Unfortunately, moneys derived from the proceeds of the sale of school lands were frequently invested in unsafe securities. Among

\* The writer of this letter was unwilling to have it published over his signature.

<sup>329</sup> Report U. S. Commissioner of Education, 1886-87, p. 112.

<sup>330</sup> Report Wis. Supt. of Public Instruction, 1891-92, p. 142.

<sup>331</sup> Report Wis. Supt. of Public Instruction, 1859, pp. 10-12.



the commonest causes of loss have been bad loans, unpaid notes, and unpaid interest on bonds and notes. The loans made from the Connecticut School Fund previous to 1810 resulted in great loss. When Mr. James H. Hillhouse accepted the position of Commissioner of the School Fund, he found that the principal of the fund consisted chiefly of debts due from the original purchasers of the Western Reserve, and the substituted securities which had been accepted in their stead. In many cases interest had fallen greatly in arrears and nearly equaled the principal. The excellent manner in which Mr. Hillhouse brought about order and the way in which he saved the fund is recounted in Part II. As stated above, the Controller of New York, in 1905, estimated that the total losses suffered by the principal of the United States Deposit Fund from April 4, 1837, to September 30, 1905, amounted to \$333,862.17.<sup>278</sup> Prior to 1843, \$27,918 of the Congressional Township Fund of Indiana was lost through unpaid mortgages.<sup>332</sup>

The first losses suffered by the school fund of Arkansas were caused by loaning the proceeds of the sales of the sixteenth section lands on insufficient security. In Arkansas as early as 1870 the claims of the state in the form of practically worthless notes and bonds for school lands amounted to three-fourths of a million of dollars.<sup>333</sup>

The Permanent School Fund of Iowa prior to 1868 had suffered losses amounting to over one hundred twenty-five thousand dollars (\$125,000).<sup>334</sup> No estimate more recent than 1868 of losses suffered by this fund has been available. One of the chief causes of this loss was loaning the fund on insufficient securities.<sup>335</sup> The state has issued six per cent bonds to the extent of ten thousand, nine hundred thirty-seven dollars, eighteen cents (\$10,937.18) to cover loss arising prior to January 1, 1874.<sup>335</sup>

The State Superintendent of Public Instruction of Nebraska

<sup>332</sup> Cotton, F. A., *Education in Indiana*, p. 176.

<sup>333</sup> Report U. S. Commissioner of Education, 1871, p. 73; *Ibid.*, 1901, I, p. 393.

<sup>334</sup> Report Ia. Supt. of Public Instruction, 1868, p. 18.

<sup>335</sup> Statement received Nov. 15, 1906, from State Auditor of Iowa.

states that the first investments of the proceeds of the sales of public lands were made at a loss of one thousand, five hundred forty-seven dollars and four cents (\$1,547.04), and the investments made in the year 1868 resulted in an aggregate loss of three thousand, four hundred thirty-nine dollars, sixty-seven cents (\$3,439.67).<sup>336</sup>

Alabama, Mississippi, and Missouri are among the states which report losses through unpaid notes. Many notes given in Alabama for school lands from 1837-74, inclusive, remain unpaid. In some cases the title of sixteenth section lands were surrendered to townships but the lands continued, though unpaid for, to be occupied and cultivated for years.<sup>337</sup> In Mississippi, in 1833, an act introduced the system of leasing lands belonging to the Literary Fund for a term of ninety-nine years. The rents frequently went unpaid and the fund dwindled away through the decrease in value of the notes given.\* The losses sustained by the Missouri fund have already been treated at length in this chapter.

It is impossible to form even a rough estimate of how much of the State Permanent School Fund of Kansas has been lost. The earlier reports all indicate that large sums belonging to the fund have been lost. In 1878 the Superintendent of Public Instruction wrote that the state had sustained great losses in the sale and management of school lands, and added, "these losses are rapidly increasing, and if they continue, will amount to millions of dollars."<sup>338</sup> In 1894 a long list of bonds was reported on which interest had been due for several years or longer, including one hundred thousand dollars worth of bonds "upon which interest has not been paid for a long time."<sup>339</sup> The Permanent School Fund of Texas in the year 1899-1900 had a nominal income of one million, one hundred fifty-seven thousand dollars (\$1,157,000), the real income amounted to eight hundred, eighty-five thousand dollars (\$885,000).

\* Cf. account given in Part II.

<sup>336</sup> Report Neb. State Supt. of Public Instruction, 1869-70, pp. 70-73.

<sup>337</sup> Report Ala. State Supt. of Education, 1879, p. 9.

<sup>338</sup> Report Kansas State Supt. of Public Instruction, 1878, p. 36.

<sup>339</sup> Ibid., 1893-94, pp. 50 ff.

The loss was due to the fact that about two hundred seventy-five thousand dollars (\$275,000) per year of interest on land noted was not paid. The defaulted interest up to 1900 amounted to at least seven hundred thousand dollars (\$700,000).<sup>340</sup>

The permanent common school funds in a number of states have suffered severe losses from the failure of banks in which moneys belonging to the funds were invested. As might be expected this was a more common occurrence in the early days of our country before the banking system had been placed on a firm basis. Alabama appears to have lost through the failure of the state bank all of her share of the United States Surplus Revenue Loan which she had set aside for common schools.<sup>341</sup> Mississippi invested the proceeds of her Literary Fund in stock of the Planter's Bank. This bank also failed and the money belonging to the Literary Fund was lost. In 1838, by an Act passed January 19, Tennessee established a state bank with nine branches. The bank was capitalized at \$5,000,000. In this five million were included among other moneys, the Common School Fund and Tennessee's share of the United States Surplus Revenue Loan of 1837, the latter amounting to \$1,353,209.<sup>342</sup> The bank almost at once entered upon a career of wreckage, in which, of course, the two funds named above were involved. The failure of the bank finally came during the Civil War and in the failure the Common School Fund and the Surplus Revenue Fund were lost.<sup>343</sup> Failure of banks in North Carolina during the Civil War and reconstruction period resulted in a loss to the Literary Fund of about one million dollars (\$1,000,000). The only reported loss incurred by the Common School Permanent Fund of Wyoming occurred in 1893 through the failure of a bank. The Common School Permanent Fund's share of the loss was five thousand, seven hundred sixty-eight dollars, thirty-five cents (\$5,768.35).<sup>343</sup>

<sup>340</sup> Report Texas Supt. of Public Instruction, 1899-1900, p. XLVII.

<sup>341</sup> Bourne, E. G., *History of the Surplus Revenue Fund of 1837*, p. 122.

<sup>342</sup> Ibid., pp. 110-115.

<sup>343</sup> Statement to F. H. Swift, Dec. 12, 1906, from Robert P. Fuller, Wyo. Commissioner of Public Lands.

In the years from 1874 to 1879 something over one hundred seventy-nine thousand dollars belonging to the Permanent School Fund of Arkansas was destroyed by fire.<sup>344</sup> The report of the Superintendent of Public Instruction of Missouri in 1870, previously referred to in this chapter, names two counties in which the records of the township fund had been burned, and two in which the court-house had been burned, in each instance the permanent school fund suffered loss.

Mismanagement, dishonest management, theft, embezzlement, absconding of debtors and of officers intrusted with the principal, constitute some of the wrongs committed against the permanent common school funds in many of the states.

Losses by Fire  
Loss Through Dishonesty and Embezzlement

Robert McEwen, State Superintendent of Schools, 1836-40, succeeded in robbing the Common School Fund of Tennessee of thousands of dollars. A committee of seven was appointed by the legislature in 1839 to examine his accounts. The real condition was revealed by an investigation by a committee of five subsequently appointed. This committee reported that Superintendent McEwen "was a general operator in a variety of 'wild cat' schemes, such as banks insolvent from the beginning; loans to partners in mercantile houses; land companies in Texas and Alabama, with a constant reputation for 'note shaving.'"<sup>345</sup> During his four years of office Superintendent McEwen had borrowed from the Common School Fund \$121,169.

Prior to 1880 Indiana had been granted one million, two hundred fifty-seven thousand, five hundred eighty-eight (1,257,588 acres) of swamp lands. The constitution, 1851, article 8, section 2, provided that the proceeds of the sales of swamp lands, after deducting the expense of selecting and draining them, should constitute a part of the Common School Fund. In 1866 the Superintendent of Public Instruction wrote: "These lands have nearly

<sup>344</sup> Report Ark. State Supt. of Public Instruction, 1883-84, p. 39.

<sup>345</sup> Mayo, A. D., *Organization and Development of the American Common School in the Atlantic and Central States of the South*, 1830-60; Report of the U. S. Commissioner of Education, 1899-1900, pp. 552, 553.



all been sold yet nothing from this source has been added to the fund. Much might have been added if the swamp commissioners had been honest.”<sup>346</sup> In 1890 it was estimated that \$850,000 was due the Common School Fund of Indiana from the proceeds of the sale of swamp lands.<sup>347</sup>

In the year 1897 the Permanent Common School Fund of Nebraska lost two hundred fifty-nine thousand, eight hundred forty-two dollars, eighty-seven cents (\$259,842.87) through embezzlement.<sup>348</sup>

The principal of the permanent common school fund in many states has failed to receive certain moneys due it. Some states have enacted laws which proved incomplete; others have failed to add to the principal of the fund moneys due it; still others have diverted to some other object moneys due the principal.

**Moneys Diverted  
from the  
Principal**

Arkansas provided that the principal of the Permanent School Fund should be increased by ten per cent of the net proceeds of the sales of all state lands, but the act failed to state whether the Land Commissioner or State Treasurer should have charge of this matter. It is estimated that through the incompleteness of this statute the Common School Fund, from 1875 to 1895, was deprived of fifty thousand dollars (\$50,000).<sup>349</sup>

**Losses Through  
Incomplete  
Legislation**

The constitution of Indiana, 1851, which provided for the creation of the Permanent Common School Fund, set aside eight sources for increasing the principal. As far as the records show, only three of these, fines, forfeitures, and estrays, have ever added anything to the principal. Reference has already been made to the moneys from the sales of swamp lands of which this fund has been deprived. An act was passed by the legislature of Indiana in 1843, which provided that the proceeds of escheated estates should be set apart for the support of the schools. However, the act

<sup>346</sup> Report Ind. State Supt. of Public Instruction, 1866, p. 73.

<sup>347</sup> Boone, R. G., *History of Education in Indiana*, p. 200.

<sup>348</sup> Data furnished, Sept. 1, 1906, by Neb. State Supt. of Public Instruction.

<sup>349</sup> Report Ark. State Supt. of Public Instruction, 1895-96, p. 171.



failed to state the lapse of time after which heirs' claims to estates shall not be allowed. The result has been that not a dollar has been added from this source to the Common School Fund.<sup>350</sup>

Florida in 1851 provided that the state should borrow from the principal of the Seminary Fund or Common School Fund not more than \$25,000 to be used to pay the general expenses of the state. The act directed the governor to execute a bond for the sum so borrowed, bearing seven per cent annual interest.<sup>351</sup> No provision was made for the time or means of paying the bond. Consequently its payment rests upon the pleasure of the state.

"After May, 1861 (Arkansas), diverted from their proper purposes and used for general expenditures seven thousand, two hundred sixty dollars (\$7,260) of the Seminary Fund and four thousand, six hundred thirty-three dollars (\$4,633) of the Saline Fund," which should have been added to the principal of the Common School Fund.<sup>352</sup>

California, by an act of the legislature in extraordinary session, in 1906, authorized and directed a transfer of five hundred thousand dollars (\$500,000) from the "State School Land Fund (the term applied in California to the uninvested proceeds of the sale of Common School Lands) to the general fund for the purpose of aiding in purchasing a site and erecting a state building in San Francisco. On this money the state pays four per cent interest.<sup>353</sup> This five hundred thousand dollars (\$500,000) is an indefinite loan.<sup>354</sup>

The Common School Fund of Indiana has lost thousands, perhaps millions, of dollars from the failure to add to the principal moneys which rightfully belonged to it. In 1872 it was claimed that two million dollars (\$2,000,000) from the surplus profits of the Van Dalia Railroad, was due the

**Money Due Principal Not Added**

<sup>350</sup> Indiana Revised Statutes, 1843, Chap. XXVIII, Sec. 125; Boone, R. G., *History of Education in Indiana*, p. 203, note.

<sup>351</sup> *Acts and Resolutions of the State of Florida*, 1850-51, Chap. 342, Secs. 1, 2.

<sup>352</sup> Reports of Commissioner of Education of U. S., 1871, p. 73; 1901, p. 393.

<sup>353</sup> Report Cal. Controller, 1905-06, p. 24.

<sup>354</sup> Statement furnished F. H. Swift, Dec. 15, 1906, by Cal. Controller.

Common School Fund as a result of the provision that taxes levied on corporations should constitute a part of the Common School Fund.<sup>355</sup> Kansas, by her constitution in 1861, included among the sources from which her Permanent Common School Fund was to be derived the five hundred thousand acres of land to which the state was entitled under the Act of Congress, 1841.<sup>356</sup> These lands were never added to the Permanent School Fund.<sup>357</sup> We may estimate this loss at one million, five hundred thousand dollars (\$1,500,000) at least.

The Literary Fund of Virginia is losing large sums annually through failure to add to it the proceeds of fines as provided by law. Joseph W. Southall, State Superintendent of Public Instruction, in his report for 1904-05 wrote as follows: "This fund would be increased far more rapidly if some more stringent plan were adopted for the collection of fines imposed for offences against the commonwealth, and the proceeds arising from escheated property and all waste and unappropriated lands. It is safe to say that thousands of dollars are lost every year out of this fund for lack of a better system of collecting fines and escheating derelict property." <sup>358</sup>

The same condition seems to have existed in Wisconsin. The law of Wisconsin directs that the county treasurers shall remit all penal fines received by them annually to the state treasurer. It is further provided by the state constitution that the clear proceeds of all fines shall be added to the school fund. "For the past forty-five years only a small fraction of the amount due the Common School Fund has ever been added to it." <sup>359</sup> "In 1881, Attorney-General Wilson found that many county treasurers were placing the amounts of the fines paid to them, in general funds of their counties and not transmitting them to the state treasurer. The

<sup>355</sup> Boone, R. G. *History of Education in Indiana*, p. 206.

<sup>356</sup> Constitution Ordinances of Kansas, Secs. 2, 6, 7; General Laws of Kansas, 1861, p. 5.

<sup>357</sup> Kansas School Laws, 1905, p. 5.

<sup>358</sup> Virginia School Report, 1871. Appendix, p. 198; *Ibid.*, 1904-05, Part I, p. XXXI.

<sup>359</sup> Report Wis. Supt. of Public Instruction, 1892-93, p. 147.

trouble is not with the county treasurers . . . it lies with the many justices of the peace who have come to consider the funds as official perquisites.”<sup>360</sup> In 1892 Superintendent Oliver E. Wells wrote: “I recommend that the legislature give authority to some competent officer . . . to examine the dockets of justices of the peace and to commence action against those who do not make complete records of all convictions and fines in their dockets.”<sup>361</sup> In his report for the year 1893-94, the State Superintendent of Public Schools wrote: “Prior to 1892 more than sixty thousand dollars (\$60,000) annual loss to the school funds resulted from the failure properly to return the clear proceeds of penal fines as required by section two of Article X of the Constitution.”<sup>362</sup> In 1904, twenty-four thousand, three hundred ninety-one dollars forty-nine cents (\$24,391.49) was derived from penal fines which sum goes to increase the principal of the fund, but evidently the school fund is not receiving all that it should from this source. It is difficult to understand why a county like Dane should contribute, in 1904, two thousand, four hundred thirty-one dollars, ten cents (\$2,431.10) while Milwaukee county contributed only thirty-five dollars, seventy-seven cents (\$35.77). Dane county has a population of about seventy-five thousand, five hundred, whereas Milwaukee county has a population of nearly three hundred sixty-four thousand. Dane is the capital city county and may be assumed to be reasonably intelligent and law-abiding and there is no reason for believing that in Milwaukee county there is a vastly greater respect for law than in Dane county.

The failure of banks and the general depreciation of securities and of property during and following the Civil War deprived many school funds of millions of dollars. It is stated  
Losses Through  
the Civil War that the true value of real and personal property of the eleven southern states \* in 1860 was five billion, six hundred

\* Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia.

<sup>360</sup> Ibid., p. 151.

<sup>361</sup> Ibid., p. 152.

<sup>362</sup> Ibid., 1893-94, p. 17.

million dollars (\$5,600,000,000); in 1870, two billion, seven hundred million dollars (\$2,700,000,000).<sup>363</sup>

"The owner of a piece of property (in Louisiana) assessed at five thousand (\$5,000) dollars in 1850, paid ten (\$10.00) dollars to the state. In 1873 he paid more than one hundred (\$100) dollars on the same amount, a progress of 1,000 per cent in twenty-three years. The property now assessed at five thousand (\$5,000) dollars would hardly sell for half . . . whilst in 1850 it would have probably sold for more, thus making in reality the increase of taxation from 1850 to 1873 equivalent to two thousand per cent."<sup>364</sup>

It was almost inevitable that the Civil War should prove disastrous to permanent funds within the control of the states. It is not surprising to discover that some states used their common school permanent funds to buy munitions of war, others to liquidate the state debt following the war. Florida, Georgia, Massachusetts, Missouri, Virginia, and Wisconsin are among the states that used portions of their funds for the expenses of the Civil War. The funds in Tennessee, North Carolina, Kentucky and in many other states were seriously diminished during the same era. In 1860 Florida gave her School and Seminary Fund to the state government in exchange for certificates of indebtedness.<sup>365</sup> The moneys belonging to the fund were used to purchase arms and ammunition and for other similar purposes. The result was that the only really productive portion of the school fund remaining at the close of the war was about six hundred thousand (600,000) acres of unsold school land.<sup>366</sup> Georgia lost all permanent common school funds between 1860 and 1870.<sup>367</sup> In 1872 the state of Louisiana sold at public auction the whole Free School Fund which had been invested in state bonds, amounting to more than one million dollars (\$1,000,000).<sup>368</sup> The state has established a

<sup>363</sup> Report Va. Supt. of Public Instruction, 1872, p. 198.

<sup>364</sup> Gayarre, Chas., *Financial and Political Condition of La.*, published by John W. Madden, New Orleans, 1874.

<sup>365</sup> Laws of Fla., 1860-61, Resolution No. 4.

<sup>366</sup> Report Fla. State Supt. of Public Instruction, 1872, p. 7.

<sup>367</sup> U. S. Bureau of Education, Circular of Information, 1888, No. 5, p. 26.

<sup>368</sup> Report U. S. Commissioner of Education, 1894-95, II, p. 1303.

permanent debt in place of the fund so sold,<sup>369</sup> but because the interest on this debt is paid from the school tax moneys the fund is practically a lost fund. The school fund in Missouri also suffered many losses during the period 1860 to 1870.\*

Hon. John G. Dew, second auditor of Virginia, has the immediate care of the Literary Fund of the state. Judge Dew reports the losses to the Literary Fund during and resulting from the Civil War, as follows: two hundred sixteen thousand dollars (\$216,000), diverted; three hundred thousand dollars (\$300,000), lost on bank stock during the Civil War; fifty thousand dollars (\$50,000), lost on bank stock since the Civil War; seven hundred nineteen thousand, twenty-two dollars (\$719,022), paid to West Virginia as her share of the Literary Fund.<sup>370</sup>

Wisconsin borrowed one million, five hundred sixty-three thousand, seven hundred dollars (\$1,563,700) from the school fund during the Civil War. This sum has never been returned and is practically a permanent debt secured by certificates of indebtedness on which the state pays seven per cent interest. The interest is derived from state taxes whenever the income from other sources is insufficient.<sup>371</sup> The principal of the Common School Fund of Tennessee is said to have amounted to one million, five hundred thousand dollars (\$1,500,000) in the year 1860, all of which was lost (1861-75).<sup>372</sup> The loss to the Literary Fund of North Carolina has already been referred to. The failure of banks and the depreciation of securities which brought about losses to this fund were the result of the Civil War and the Reconstruction period.

Prior to the Civil War the Literary Fund of North Carolina amounted to over two million dollars (\$2,000,000). Less than one-half of this amount remained in 1869. The stocks belonging to the fund were sold at from ten to thirty-seven cents on the dollar. The proceeds of these sales were invested in fraudulent North

\* See above, also account given in Part II.

<sup>369</sup> Constitution of La., 1879, Art. 233; Constitution, 1898, Art. 257.

<sup>370</sup> Statement received Dec. 12, 1906, from Judge John G. Dew, by F. H. Swift.

<sup>371</sup> Statement received by F. H. Swift from Wis. Dept. of Public Instruction, Sept. 12, 1906.

<sup>372</sup> Report U. S. Commissioner of Education, 1895-96, I, p. 313.



Carolina tax bonds bought at a discount. The state repudiated these bonds in 1870 and the whole fund was then lost except a few thousand dollars.<sup>373</sup>

The history of the Kentucky School Fund and of the various seizures and diversions of it given in Part II, offers a most interesting example of the manner in which the permanent common school fund was misappropriated in this state. Here it may be said that in 1845, nine hundred seventeen thousand, five hundred fifty dollars (\$917,550) of state bonds, representing state indebtedness to the fund, were surrendered to the Board of Education and burned in the presence of witnesses. (This loss perhaps should have been included under the topic loss by fire!) It should be noted, however, that the act, which is quoted herewith, provided that lists of the bonds should be made and that the state was in no wise released from any obligation to pay the interest on the school fund.

An act to increase the resource of the Sinking Fund and to provide for the burning of certain State Bonds and Coupons.

"Sec. 4. *Be it further enacted*, That it shall be the duty of the board of education and commissioners of the sinking fund, to surrender to the governor of the state bonds held by them respectively; and it shall be the duty of the governor, upon the receipt of said bonds, to cause the same to be cancelled and destroyed, by burning, in the presence of the second auditor and treasurer. But before the bonds held by the board of education shall be burned, duplicate lists thereof, described by dates and numbers, shall be made and signed by the governor, second auditor and treasurer, one to be delivered to the secretary of state and the other to the second auditor, to be by them recorded in well bound books, in their respective offices, and it shall also be the duty of the second auditor and secretary of state, to deliver to the board of education a copy of said duplicate list, signed by them respectively, and sealed with their respective seals of office; and when so signed, sealed, and delivered, said duplicate copy shall stand in place of the bonds of the state now held by the said board of education, but the same shall not be passed by delivery, be transferred, nor assigned by said board to any person or corporation, . . . which shall be expressed on the face of said lists.

"*And be it further declared*, That the rights of said board of education to the fund now claimed by it, shall not be regarded as in any wise impaired by anything in this act contained, or in any wise release the state from the

<sup>373</sup> U. S. Bureau of Education, Circular of Information, 1888, No. 2, p. 170.

obligation it is now under to pay the interest on the school fund; and in every respect, shall said fund be considered and held as sacred and inviolate as though the bonds had not been burned." <sup>374</sup>

In 1850 the revised constitution of Kentucky set aside over one million dollars of state bonds and seventy-three thousand dollars (\$73,000) of bank stock as an irrevocable debt to constitute a Permanent School Fund.<sup>375</sup> The interest on this fund is paid out of a sinking fund.

By the year 1858 the Permanent School Fund of Rhode Island amounted to several hundred thousand dollars, over three hundred eighty-two thousand dollars (\$382,000) having been added in 1837. In 1858, the state borrowed all but one hundred fifty-five thousand, five hundred forty-one dollars (\$155,541) and then constituted that amount a Permanent School Fund.<sup>376</sup>

The losses suffered by many of the permanent common school funds already referred to were due, in part at least, to misappropriation by the states of moneys belonging to these funds. Alabama, Louisiana, and Kentucky are three out of a considerable number of states which have misappropriated all or a part of their funds. Alabama by the year 1873 had diverted one million, two hundred sixty thousand, five hundred eleven dollars (\$1,260,511) belonging to her Permanent School Fund.<sup>377</sup> The present Permanent School Fund of Kentucky appears to date from 1838. The Literary Fund, which the laws of Kentucky, 1821, had established and provided should forever be maintained,<sup>378</sup> seems to have disappeared in less than fifteen years, having been used by the state to meet its own general expenditures.<sup>379</sup>

<sup>374</sup> Ky. Acts, 1845, Chap. 264, p. 69. Cf. account given in Part II.

<sup>375</sup> Laws of Ky., 1845, Chap. 264, Sec. 4; Constitution of Ky., 1850, Art. 11, Sec. 1; Report U. S. Commissioner of Education, 1899-1900, I., p. 512.

<sup>376</sup> Report U. S. Commissioner of Education, 1896-97, p. 642.

<sup>377</sup> Reports U. S. Commissioner of Education, 1874, p. 5, and 1903-04, p. LXV; Report Ala. State Supt. of Education, 1882, p. 7, from Bourne, E. G., *History of Surplus Revenue*, 1837, p. 47, foot-note.

<sup>378</sup> Acts of Ky., 1821, p. 35, Chap. CCLXXXIV, approved Dec. 18.

<sup>379</sup> "Ed. and Lit. Inst. in 1832, Barnard," *Am. Journal of Ed.*, 1877, p. 335; Report U. S. Commissioner of Education, 1895-96, p. 324.

In 1840, two years after a second attempt to establish a permanent state fund, the state seized the principal to liquidate the state debt. By 1843 the entire principal had been used for roads and the improvement of rivers, and the state owed the fund one hundred sixteen thousand dollars (\$116,000).<sup>380</sup>

The constitution of Louisiana of 1898 placed the Free School Fund among the perpetual debts of the state, reduced the interest from six to four per cent and declared that the same should be paid out of any taxes that may be levied and collected for general purposes of education.<sup>389</sup> In many states which have used all or part of the permanent common school fund we find the fund acknowledged as a state debt and the interest on it paid out of state taxes levied for general purposes. In such instances the fund continues to bring additional revenue for schools. In the case of Louisiana, however, owing to the fact that the interest on the fund is paid out of school taxes, the revenue for schools is in no way increased; it is merely "robbing Peter to pay Paul."

It has often been but a step from borrowing the fund to repudiating the state's indebtedness to it. It has been noted that North Carolina, in 1870, repudiated her indebtedness to her Literary Fund which had arisen out of her investing of moneys belonging to that fund, in fraudulent bonds. Both before and since that time other states have pursued similar policies respecting their public permanent common school funds.

Vermont established her first common school fund in 1825.<sup>381</sup> In 1848 the state owed this fund two hundred twenty-four thousand dollars (\$224,000), and appropriated the fund to pay the debt. That is, the state borrowed the fund and then in 1845 repudiated the debt.<sup>382</sup>

Colorado invested four hundred eighty-eight thousand, six hundred thirty-three dollars, forty-four cents (\$488,633.44) of moneys

<sup>380</sup> Report U. S. Commissioner of Education, 1899-1900, I, p. 512.

<sup>381</sup> Report Ver. State Supt. of Education, 1906, pp. 11, 12, Act passed Nov. 17, 1825.

<sup>382</sup> Report Vt. State Supt. of Education, 1873-74, pp. 439-440.

belonging to the Public School Fund in the so-called "excess warrants" of 1887, 1888, and 1889, which with interest, in the year 1906, amounted to over one million dollars. The state has redeemed about twenty-five thousand dollars of these warrants and the investment without interest now (1906) represents four hundred sixty-three thousand, seven hundred sixty-five dollars, seventy-five cents (\$463,765.75). The state has twice repudiated this indebtedness, and the warrants cannot be paid until some time in the future when a constitutional amendment shall be adopted.<sup>383</sup>

Chapter I and the preceding paragraphs of the present chapter have pointed out that a number of states have borrowed the principal of their permanent common school fund, entirely or in part, that they have used the moneys belonging to these funds and established in place thereof permanent debts or accounts on which they pay a fixed rate of interest. Maine, Michigan, and Ohio are among the states which have pursued this policy almost from the beginning. Such funds cannot be said to be lost as a source of school support, but in view of the fact that the interest on the principal is in most cases derived from taxation, directly or indirectly, they do not serve the purpose of relieving the people of the state from taxation, but are rather additional means of levying taxes.

The same is true to a large extent of funds which have been in part borrowed by the state or invested in state bonds, the interest on which is paid out of state taxes. It is somewhat difficult to state the real significance of funds which have become permanent loans. Many states have pursued the policy of using all or a part of the principal of the permanent common school fund and substituting state bonds for the moneys borrowed. There are many considerations which encourage or favor this policy. In the first place, state bonds are considered one of the best and safest of all investments. In the second place, the question may well be asked why should the state not use moneys lying uninvested in

Compare Tables I and III, Chapter I.

<sup>383</sup> Data furnished F. H. Swift by Katherine L. Craig, Colo. Supt. of Public Instruction.



its own treasury when it is in need of them. What advantage would it be to the schools of the state for the state to go outside to borrow money when it has moneys at hand which are unemployed? Without attempting to render any decision regarding the wisdom of this policy it may be well here to note that certain states expressly provide against loans to the state from the school fund, as, for instance, West Virginia by her constitution. Furthermore, it may be well to distinguish between real investments in state bonds which the state must redeem at their maturity and investments in bonds which, in all probability, will never be redeemed, or instead of such investment in irredeemable bonds, the creation of a permanent account. It is true the account established or the certificates of indebtedness given by the state in exchange for the productive fund assure the schools a revenue,—a revenue in some cases greater than could be derived from the investment of money in ordinary securities. It would be very difficult in many states at the present time to place funds as so to bring five, six, and seven per cent, rates paid by a number of states on their credit funds and permanent debts. On the other hand, one of the purposes for which permanent school funds were established was clearly to aid the people of the state in raising money for the support of the schools by taxation. When, therefore, the nominal income of the fund is derived from taxation, as it frequently is in the case of credit funds, permanent loans, and debts, the above important purpose is thwarted. The nominal amount of the school fund of Wisconsin, in 1892, was \$3,358,502.50. Of this \$1,563,700 consisted of certificates of indebtedness, leaving the actual amount available for investment, \$1,794,802.50.<sup>384</sup> The Superintendent of Public Instruction of Wisconsin wrote several years ago with reference to the fund of his own state:

“The certificates of indebtedness are evidences of the disappearance of nearly one-half of the school fund. The law which directed the investment of the school funds in the purchase of state bonds provided for the cancellation of the bonds and substitution therefor of the certificates of indebtedness. The certificates are non-negotiable and non-transferrable. No provision whatever is made for their payment. The discretionary authority of the commissioners



who are clothed with constitutional powers over its investment is thereby destroyed by . . . statutory enactment. The rate of interest on these certificates is seven per cent. The effect is the creation of a perpetual state debt requiring the levy and collection of an annual state tax to the amount of \$157,570 to pay the interest thereon. The interest paid . . . thus far amounts to \$4,200,000 and the process seems just begun. . . . Additional burdens of taxation are the only fruits of the school fund, the very result it was intended to avoid.

"This seems evident that a wise administration of all the provisions relating to the school fund should have resulted in a permanent endowment of from \$15,000,000 to \$20,000,000; that we have instead cash and money invested to the amount of \$3,401,461.49 and a permanent state debt of \$2,251,000; that the application of the available productive funds to the liquidation of the state debt would practically leave the state as though no provision had been made for the support of its schools; that the necessity for the disappearance of this money is not apparent; that the laws and records bear witness to transactions of more than doubtful propriety; and that the security for the debt is of questionable validity."<sup>384</sup>

It is scarcely necessary to add that this statement applies not to the fund of Wisconsin alone but to many so-called credit funds, permanent loans, and debts.

The discussion of losses to the permanent common school funds which has occupied such a large portion of this chapter, may well be closed by a summary showing the more important causes of these losses, and by a table showing the amount lost or diverted in some of the states, in so far as it has been possible to ascertain the same. The statement made at the beginning of this discussion to the effect that the account here is by no means complete should be kept in mind when consulting the table. The real condition of these funds can be best realized by consulting Table VII at the close of Chapter I.

TABLE XIX. SUMMARY OF THE MORE IMPORTANT CAUSES OF LOSS TO THE PUBLIC PERMANENT COMMON SCHOOL FUNDS IN THE UNITED STATES

1. Lands sold for less than real value.
2. Unpaid for lands reverted to township.
3. Deeds improperly recorded or not recorded.
4. Sold by towns and no records of proceeds.

<sup>384</sup> Report Wis. Supt. of Public Instruction, 1892, pp. 152-154, 161.

TABLE XIX—*continued*

5. Bad loans.
6. Unpaid notes.
7. Unpaid interest on bonds or notes.
8. Mismanagement.
9. Dishonest management.
10. Absconding of school fund officers or debtors.
11. Theft or embezzlement.
12. Losses by fire.
13. Insufficient legislation.
14. Moneys due principal not added.
15. Moneys due principal diverted.
16. Fund borrowed by the state.
17. Fund used for state expenses.
18. Fund used to pay state debts.
19. Fund misappropriated by state.
20. Used for other purposes.
21. Exchanged for state securities—indebtedness later repudiated.
22. Fraudulent bonds.
23. Failure of state banks.
24. Depreciation of securities.
25. Civil War.

TABLE XX. LOSSES TO PUBLIC PERMANENT COMMON SCHOOL FUNDS<sup>b</sup>

State <sup>c</sup>	Amount Lost or Diverted <sup>b</sup>	Date	Title of Fund	Credit Funds and Permanent State Debts <sup>c b</sup>
Ala.	\$ 669,086	1848	U. S. Surplus Revenue Loan	\$2,831,295
	2,056,714		Sixteenth Section Land Fund	
Ark.	268,751.49	After 1868	U. S. Surplus Revenue Loan	1,128,500
	1,250,000	Before 1870	Common School Fund	
Cal.	6,000,000	Before 1861	Sixteenth and Thirty-sixth Section Lands Township Funds	2,026,000
Col.	463,765.77	After 1887	Public School Fund	
Conn.	138,640.09	Before 1810	School Fund	
Fla.	Unknown	1860-65	State School Fund	
Ga.	750,000	1860-65	Common School Fund	
	350,000		U. S. Surplus Revenue Loan	
Ill.	613,362.66		School Fund Proper	

<sup>b</sup> This table must not be understood as necessarily showing the complete loss in any state nor all states which have suffered loss.

<sup>c</sup> States having credit funds or permanent debts, not named here are Delaware, Maine, Michigan, and Nevada. See Table III, Chap. I.

# LOSS OF SCHOOL FUNDS

159

TABLE XX—*continued*

State <sup>c</sup>	Amount Lost or Diverted <sup>b</sup>	Date	Title of Fund	Credit Funds and Permanent State Debts <sup>c b</sup>
Ill.	\$ 335,592.33		U. S. Surplus Revenue Loan	
Ind.	3,000,000		Common School Fund	
Iowa	125,000	Before 1868	Permanent School Fund	\$ 10,937
Kan.	2,000,000		State Permanent School Fund	
Ky.	1,568,996.66		Permanent School Fund	2,418,997
	850,000	Before 1845	U. S. Surplus Revenue Loan	
La.	1,652,947.86	Before 1872	Free School Fund	1,130,867
	477,919.14	Before 1872	U. S. Surplus Revenue Loan	
Md.	743,429.75	1839	U. S. Surplus Revenue Loan	
Mass.	2,842,572	1859-64	Massachusetts School Fund	
Miss.	50,000		Chickasaw Fund	1,002,023
Mo.	100,000	Before 1870	Township School Fund	
Neb.	259,842.87	1897	Permanent School Fund	
N. H.	35,000 (income)	1867-83	Institute Fund	59,470
N. Y.	333,862.17	1837-1905	U. S. Surplus Revenue Loan	
N. C.	1,400,000	1860-70	Literary Fund	
	1,133,757.44	1860-70	U. S. Surplus Revenue Loan	
Ohio	Unknown			4,902,110
Ore.	20,000	Before 1905	Common School Fund	
Penn.	1,500,000	Before 1870	Common School Fund	
R. I.	370,000	Before 1860	U. S. Surplus Revenue Loan	
S. C.	Unknown			
Tenn.	388,985	Before 1850	Common School Fund	2,512,000
	1,500,000	1860-65	Common School Fund	
Texas	700,000 (income)			
		Before 1900	Permanent School Fund	
Vt.	224,000	1845	Common School Fund	775,269
Va.	556,000 <sup>a</sup>	1860-65	Virginia Literary Fund	
W. Va.	6,000	Before 1871-75	School Fund	
Wis.	1,563,700	1860-65	School Fund	1,563,700
Wyo.	5,768.35	1893	Common School Permanent Fund	

<sup>a</sup> Not including \$719,022.62 paid to West Virginia as her share of fund.

<sup>b</sup> This table must not be understood as necessarily showing the complete loss in any state nor all states which have suffered loss.

<sup>c</sup> States having credit funds or permanent debts, not named here are Delaware, Maine, Michigan, and Nevada. See Table III, Chap. I.

## CHAPTER VII

### PURPOSE AND EFFECTS OF PUBLIC PERMANENT COMMON SCHOOL FUNDS

The easiest way to kill an institution in a republic is to provide it with an endowment which removes from the people all responsibility of contributing to its support.

"There is surely a great need of a permanent school fund upon the principle that the best state schools result from a true equilibrium between state and local support and control." Report of the State Commission on Permanent Common School Funds of Vermont, p. 27.

These funds have been wheel, ballast and lever of our states' systems of free schools. They set those systems in motion and kept them going. They maintained the equilibrium. They lifted them to higher and higher levels.

Public sentiment regarding the need of free schools and the obligation to support them has passed through a marvelous transformation in the last hundred years. Conditions existed quite universally in the earlier part of the nineteenth century and continued in many states long after the middle of that century, which are difficult to describe and more difficult for the present generation to realize. Schools were rare. School buildings were wretched and foul. Large numbers of them were not supplied with even bare necessities: thousands of them were destitute of water-closets. Teachers were untrained and ignorant; their wages small and uncertain, and frequently could not be collected when due. Educational opportunities in different parts of the same state were totally unequal. Some districts maintained no free schools. Others supported free schools for a brief period.

Taxation for schools, permissive in many states, compulsory in a few, frequently could not be levied owing to the hostile attitude of the public. Worse still, the real conditions could not be ascertained as there was almost no state supervision of schools and efforts to collect the most meager data proved futile. There were no

**Early Public Sentiment Respecting Free Schools**

means at hand for equalizing or remedying conditions. Laws enacted for the benefit of free schools could not be enforced. The income of funds established to support free schools was often used for private schools or for the expenses of the state which not infrequently borrowed and exhausted the principal. Public sentiment respecting the establishing and maintaining of free schools ranged all the way from indifference, disbelief, and contempt, to open hostility.

Evidences of this attitude are to be found prior to 1850 in every state in the Union to a greater or less extent. For example, the constitution of Indiana, in 1816, stated:

**Indifference to  
Free Schools  
in the West**

"It shall be the duty of the general assembly, as soon as circumstances will permit, to provide by law for a general system of education ascending in regular gradation from township schools to a state university, wherein tuition shall be gratis and equally open to all."<sup>389</sup>

Every township had been granted school lands upon the admission of the state into the Union, and the state itself had established funds to aid in the support of common schools. Notwithstanding this early provision, it is stated that from 1830 to 1840 almost no free public schools existed.

During this period "the building of school-houses, the establishment and conduct of schools . . . was left to popular vote. . . . Illiteracy in the state was alarming and seemed to be growing worse. In 1840 one-seventh of the population were wholly unlettered and a much greater proportion were very ignorant. Educationally Indiana stood sixteenth among the twenty-three states."<sup>390</sup>

It may be argued that the existence of such conditions in the West was due, in part at least, to the hardships of pioneer life and the sparseness of population, but in the East where public schools had existed since colonial days, conditions were frequently little better. The

**Contempt for Free  
Schools in the  
East and South**

free public school continued to be regarded as a charity school provided for those who were unable to pay. In Massachusetts, the

<sup>389</sup> Constitution of Indiana, 1816, Art. IX, Sec. 2.

<sup>390</sup> Report Ind. Supt. of Public Instruction, 1885-86, p. 12.



law of 1827 had required all public schools to be free, supported by taxation, nevertheless public schools were "languishing for support and to a degree destitute of public sympathy."<sup>391</sup> In 1834 Massachusetts contained no less than nine hundred fifty private schools and academies.<sup>392</sup>

The free school in the South was regarded, generally speaking, distinctly as a charity school. Striking evidence of the truth of this is presented in the fact that the portion of the Permanent School Fund established by Georgia in 1821, which was devoted to the support of free schools, was commonly known as the Poor School Fund.<sup>393</sup> The original act by which the Literary Fund of Mississippi was established expressly states that the revenue of this fund shall be applied to no purpose whatever other than for the education of the poor white children.<sup>394</sup> The legislature of Virginia which provided for the establishment of the Literary Fund regarded it as a fund for the education of the poor. "This present general assembly solemnly protests against any other application of the said fund by any succeeding general assembly to any other object than the education of the poor."<sup>395</sup>

In Florida in 1850 there were only sixty-nine public schools; in 1860, ninety-seven. In 1860 only two thousand, thirty-two pupils were reported as attending public schools, whereas four thousand, four hundred eighty-six were attending private schools.<sup>396</sup>

The attitude toward public schools is further revealed by the fact that the income of funds established for the support of these schools was frequently used to pay teachers in private schools. It is said that in Indiana prior to 1850 the revenue of the permanent common school

Free School  
Moneys Used for  
Private Schools

<sup>391</sup> Boutwell, G. S., *Mass. School Fund, Its Origin and History*, Report Board of Education of Mass., 1859, pp. 38-47.

<sup>392</sup> "Mass. and Its Early History," *Lowell Institute Lectures*, pp. 486-487.

<sup>393</sup> Cf. account given in Part II.

<sup>394</sup> Alden's *Digest of the Laws of Miss.*, 1839, Chap. 51, Sec. 9, p. 367.

<sup>395</sup> Acts of Va., 1809, Chap. XIV, citation taken from Miller, *History of Education in W. Va.*, p. 29. The Virginia fund appears to have been established in 1810.

<sup>396</sup> U. S. Bureau of Education, Circular of Information, 1888, No. 7, pp. 19-20.

funds was distributed to denominational schools and in many instances turned over to individuals who engaged teachers to instruct their children, with the children of others who might wish to join them.<sup>397</sup> In 1844 the income of the Common School Fund of Tennessee "when received by the counties was, in nearly all of the districts, distributed among the private schools in the ratio of their enrolled pupils and was used as a credit on the tuition of those who were willing to accept it. It thus came to be regarded as a sort of charity fund."<sup>398</sup> In Florida it is stated that between the years of 1852 and 1860 or later the income of the state school fund was in many instances distributed to the teachers of private schools.<sup>399</sup>

Frequently moneys and lands reserved for the establishment of funds for the support of free schools were left unemployed.

**Appropriations  
for Free Schools  
Not Expended**

The counties of Georgia made little use of the provision of the grant of one thousand acres of land each for the establishment of free schools,<sup>400</sup>

and only one township in Florida appears to have ever attempted to make use of its sixteenth section lands.<sup>401</sup> Indiana, in 1837, provided for the distribution of one-half of her share of the United States Surplus Revenue Fund among the organized counties of the state for the use of common schools. Three counties, De Kalb, Lake, and Wells, never claimed their share.<sup>402</sup>

That the failure to establish free schools was due to the attitude of the public toward them and not due to the failure to provide

**Legislation in  
Behalf of Free  
Schools  
Ineffective**

laws for them is amply borne out by the numerous acts passed in all sections of the country. For example, more than three hundred acts were

passed in Tennessee relative to school funds.<sup>403</sup> Intelligent legislation was impossible as the facts on which to base it were not in

<sup>397</sup> Rawles, W. A., *Centralizing Tendencies in the Administration of Ind.*, p. 13.

<sup>398</sup> Report Tenn. State Supt. of Public Instruction, 1891, p. 34.

<sup>399</sup> U. S. Bureau of Education, Circular of Information, 1888, No. 7, p. 15.

<sup>400</sup> U. S. Bureau of Education, Circular of Information, No. 4, 1888, p. 27.

<sup>401</sup> Ibid., 1888, No. 7, p. 20, note 2.

<sup>402</sup> Boone, R. G., *History of Education in Indiana*, p. 196.

<sup>403</sup> Report U. S. Commissioner of Education, 1895-96, I, p. 313.

the hands of the legislators and there was no means of securing them. Maine, Massachusetts, New York, and Florida each attempted to secure data from local units to serve as a guide in distributing funds and making laws. How fruitless their attempts were will appear in the account of the effect of permanent common school funds upon school returns. Here, however, Florida's experience may be described. After Florida had established a Permanent Common School Fund in 1848, she was unable to secure reports from the schools as to school attendance. From 1850 to 1851 it was provided by law that a county, in order to receive its share of the revenue of the School Fund of Florida, must submit to the State Superintendent, prior to May, 1852, a report of the number of children in each district of the county from five to eighteen years of age who had actually attended school in the district within three months of the date of the report. This law was repealed in 1852 owing to the impossibility of enforcing it.

That the moneys upon which public schools depended prior to the establishment of public permanent funds were small, uncertain and fluctuating will appear upon recalling the more important early sources of school support: tuition, gifts, appropriations, lotteries, proceeds of licenses and fines, taxes on occupations and commodities, and taxes on banks. Where schools were supported by rate bills their very existence depended on the attendance of the pupils. Home economy placed a premium upon staying away from school. It is almost needless to say that at the time towns and districts were refusing the state school moneys, they were opposing the levying of local taxes for schools. Taxation for teachers' wages was looked upon not only as a burden but as an imposition. This will be seen from a survey of conditions existing in many states, of which New York and Indiana may be taken as examples.

New York, in 1812, provided for the distribution of the common school fund revenue by an act which required each town to raise a tax equal to its full share, but left participation in the revenue to the option of the towns.<sup>404</sup> The Act of 1795 had provided for

**Uncertainty and  
Variation in  
School Support**

<sup>404</sup> Laws of New York, 35th Session, 1812, Chap. 242.

the distribution of the annual appropriation of one hundred thousand dollars (\$100,000), and had made a like provision, save that it required the town to raise a tax equal to one-half its share.<sup>405</sup>

The indifference of the people towards public schools was soon evident. As long as participation in the public money was optional large numbers of towns refused to take advantage of the public money.<sup>406</sup> The result was that in 1814 an act was passed making participation and consequently local taxation compulsory.<sup>407</sup> Indiana had permitted local taxation for school buildings since 1824. But as late as 1855 the Supreme Court declared it unconstitutional to levy a local tax for the payment of teachers' wages,<sup>408</sup> and it was not until 1867 that local taxation for this purpose was allowed.<sup>409</sup>

Despite the conditions which have been described in this chapter thus far it would be a mistake to suppose that public opinion was

**Oldest Aim of  
Public Permanent  
School Funds  
Abolition of  
School Tax.  
Illustrated by  
Connecticut**

a unit in opposing free schools. Although the dominant sentiment respecting them gave expression to itself in indifference, scorn, and hostility, yet there were those who regarded free schools not only as a necessary burden but as an obligation

in which lay opportunity as well as duty. Previous chapters have related the steps by which the policy of providing permanent funds for the support of common schools was adopted in turn by town, state, and nation. The aim or incentive which inspired those who labored for the establishment of permanent common school funds in so far as it was related to schools and not to the sale of unsettled lands, was usually largely the result of prevailing conditions and sentiments. It is not surprising, therefore, that in Connecticut, which, in striking contrast to the majority of states, had long compelled its towns to levy a school tax, the establishment of permanent funds should be regarded chiefly as a means of escaping from taxation for schools. Perhaps, almost

<sup>405</sup> Laws of New York, 1795, Chap. 75.

<sup>406</sup> Randall, S. S., *History of the Common School System of the State of New York*, ed. 1851, p. 13.

<sup>407</sup> Laws of New York, 1814, Chap. 192, Sec. 21.

<sup>408</sup> Boone, R. G., *History of Education in Indiana*, p. 157.

<sup>409</sup> Boone, R. G., *History of Education in Indiana*, p. 29; Act Mar. 9, 1867.



from the first, the purpose in the minds of the legislators and directors of the school policy of Connecticut was that the revenue of the school fund should pay in full the wages of the common school teachers, and so relieve the towns and school societies from the burden of local taxation. The act which established the school fund and subsequent acts relating to its management show this in several ways: (1) by the absence of any provisions requiring state or local taxation for schools; (2) by refraining from naming any conditions whatever which must be fulfilled by towns and districts in order to share in the revenue; (3) by omitting to state any length of time which schools must keep open during the year; (4) by specific provision in 1801 that school societies which had expended all public moneys for teachers' wages might be considered to have fulfilled all necessary conditions even though some of the districts under their jurisdiction had conducted no school during the year.

The Act of 1795 which established the School Fund of Connecticut, placed no limit to the use to which the revenue of the school fund could be put. It specifically provided that under certain conditions the society might vote to devote its school fund revenue to the support of the Christian ministry or public worship. But the first distribution of this revenue did not occur until 1799, and the act of that year made the sole lawful objects to which the revenue could be applied the board and wages of teachers in elementary schools or schools of a higher order in which Latin and Greek could be studied. Participation in the school fund revenue was optional. The Acts of 1795 and 1799 made no provision compelling school societies to accept their share. Such provision appeared unnecessary as the revenue was given almost unconditionally.

Owing to this total absence of requirements, the establishment of the School Fund of Connecticut ushered in a policy by which the responsibility of supporting schools was removed almost entirely from the community directly benefited by the school, and thrown back upon the

Teachers' Board  
and Wages the  
Oldest Lawful  
Objects

Evil Effects of the  
Connecticut Policy



state. The evils inherent in such a policy were not foreseen by those who inaugurated it. Nevertheless these evils soon showed themselves and the School Fund of Connecticut became notorious as an example of a magnificent endowment creating disaster.

The Connecticut Code in force from 1700 to 1798 had compelled towns or school societies of more than seventy families to maintain a school for eleven months. Many county towns maintained a grammar school. The most serious defect of the School Fund Acts of 1795, 1799, and 1800, was that they failed to compel districts to maintain schools for any specified term. The law of 1801 permitted them to close school whenever the moneys provided by the state had been exhausted.<sup>411</sup> Not until 1840 was a law passed which attempted to reëstablish a legal term. In that year it was enacted that no district should be entitled to any portion of the public moneys unless it had maintained a school for at least four months in the year, taught by a teacher or teachers fully qualified. It was not until 1858 that the six months' term required by the Code of 1700 was restored.<sup>412</sup> The result was that between the years 1801 and 1840 many schools were closed and others were kept open no longer than public money lasted.<sup>413</sup> A second serious defect in the School Fund Acts of 1795 and 1801 was that they contained no provision compelling the larger towns and societies to maintain grammar schools.

Of all the evils following from the establishment of the School Fund of Connecticut perhaps the most disastrous was its effect upon local taxation. As pointed out above, the Code of 1700, modified in 1754, which continued in force until 1798, had compelled all towns to levy a local tax of at least forty shillings on every thousand pounds.<sup>414</sup> The School Fund began to contribute revenue for the support

<sup>411</sup> Act of 1801, Par. 3.

<sup>412</sup> Laws of Connecticut, 1858, Chap. XLII.

<sup>413</sup> Conn. School Report, 1853, p. 45.

<sup>414</sup> Report Conn. Board of Education, 1876, p. 103.

of schools in 1799. With the gradual increase of its income there was an increase in disinclination to raise taxes. From 1821 to 1854 rate bills, gifts and income of permanent funds were almost the only sources of school support. During this period a town or society school tax was virtually unknown in Connecticut.<sup>414</sup>

In conclusion it should be noted that the Connecticut School Fund failed to make the schools of the state free. For seventy-three years after its establishment rate bills continued to contribute a considerable portion of the support of public schools.\*

The decline of the common school system of Connecticut under the influence of the School Fund was a most convincing demonstra-

**Second Aim of  
Permanent School  
Funds to Incite  
and Relieve Taxa-  
tion. New York,  
Maine Massachu-  
setts as Examples**

tion of the principle that an endowment which relieves the community from the necessity of raising moneys by local effort is an injury alike to the community and to the cause the endowment is seeking to advance. The lesson which Connecticut had learned at such a cost was not lost upon the other eastern states. They saw that the easiest way to kill an institution in a republic is to provide it with an endowment which removes from the people all responsibility of contributing to its support. An early report of the State Superintendent of Public Instruction of New York contains the following statement: "Those who founded the common school system of this state never contemplated that the permanent public fund would, at any time, yield a revenue adequate to the support of such an establishment." The Act of 1812, as previously stated in this chapter, which was passed three years prior to the first distribution of the revenue of the New York Common School Fund, required that the town raise a tax equal to its share of the revenue in order to participate in the benefits of the Common School Fund.<sup>416</sup>

Maine had made taxation for schools compulsory in 1821, the year following her admission into the Union. It was not until 1828 that she established the Permanent School Fund and not until

\* See Table VIII, Chapter II, p. 27.

<sup>416</sup> Laws of New York, 35th Session, 1812, Chap. 242,

1851 that the first distribution of this revenue was made. Meanwhile the schools depended very largely upon the proceeds of local taxes. No provision for permitting the discontinuance of these taxes was ever made.

Massachusetts made local taxation compulsory seven years before the establishment of the School Fund. In January, 1828, Hon. W. B. Calhoun in a report made for the committee on education of the house of representatives of Massachusetts, declared "that means should be devised for the establishment of a fund having in view not the support but the encouragement of common schools and the instruction of school teachers."<sup>417</sup> In February, 1828, the same committee specifically states that a fund sufficient to support common schools and normal schools would injure the school system and decrease public interest in it, and cites Connecticut as an example of this; but adds that a fund sufficient to give towns about one-third the amount they themselves raised would be an incentive to interest and effort. The act by which the Common School Fund of Massachusetts was created provided that there shall never be paid to any city, town or district a greater sum than is raised therein respectively for the support of schools.<sup>418</sup>

In the public land states the permanent common school fund has, in many instances, supported the schools largely and often entirely during the first years of the state's existence. On the other hand, as pointed out in the chapter dealing with the early sources of school support, the policy of supporting schools by local taxation had become established in some of the western territories and continued after their admission into the Union.

The report of the Special Commission on the Permanent Common School Fund of Vermont, 1906, contains an excellent statement of the purpose of a permanent fund. The statement given by this Commission was made after a careful study of the permanent school funds in the different states. On p. 23 the report of the Commission reads: "The primary fact is that good schools should

<sup>417</sup> Boutwell, G. S., *Mass. School Fund, Its Origin and History*, pp. 46-47.

<sup>418</sup> Laws of Mass., 1834, Chap. CLXIX.

exist everywhere, and their existence can be insured only by fixed, existing endowment funds devoted under the laws of the legislature, to their effective supervision and maintenance. This is apart from any local, direct support, which should be actively continued and enforced by law." The Commission states the necessity of a permanent school fund in the following words: "There is surely a great need of a permanent school fund upon the principle that the best state schools result from 'a true equilibrium between state and local support and control.' " <sup>419</sup>

The statement of the purpose of a permanent common school fund in the words of this Commission should be, "first, to render the means of school support certain and fixed, beyond recurring yearly debate and taxation of the people; second, to conserve and extend the two working principles of the existing law, especially of school taxation and school opportunity; and, finally, to lay the foundation of a true and actual supervision by the state, of public instruction in connection with its actual direction of an accounting for school moneys disbursed, particularly such funds as the state itself supplies to towns by taxation or through permanent investment for the support of schools." <sup>420</sup>

The aims expressed in this statement are not theoretical. They represent the actual achievements of other states resulting from the creation of permanent endowments for schools. The effects of these funds in public land states will be treated of in the latter part of this chapter. These states provided for permanent endowments for schools, coupled in many instances with state supervision, at the time of their admission into the Union. They do not offer as good an opportunity, therefore, of observing the influence of the permanent funds upon educational conditions as is to be found in commonwealths which at first possessed no state-controlled fund. For this reason Connecticut, New York, Maine, Massachusetts, Indiana, and Florida have been selected as states to be studied in detail.

<sup>419</sup> Report of the State Commission on Permanent Common School Funds of Vermont, p. 27.

<sup>420</sup> Ibid., p. 32.

The aims which the states have sought to realize through their permanent common school funds are revealed in three classes of constitutional and legislative provisions respecting these funds:

**Aims of Permanent School Funds Revealed in Constitutional and Statutory Provisions**

(1) Provisions concerning the lawful use of the fund's income.

(2) Provisions concerning conditions which must be fulfilled, commonly spoken of as conditions of participation, by the county, town or district in order to receive a share of the income.

(3) Provisions concerning the method and basis of apportionment.

The most important effects of the permanent common school funds arose out of these three classes of provisions and in many cases, as will appear later, the ability to enact and enforce these provisions was itself a result of the influence of the permanent funds previously established. The remainder of this chapter will, therefore, be devoted chiefly to the consideration of these provisions, and the aims they reveal and their results.

There has been little uniformity in the objects to which different states have permitted the income of the permanent common school funds to be applied. In some states provisions appear to be stated only in general terms, such as that the revenue of the permanent school fund "shall be faithfully appropriated for maintaining a system of free schools, and for no other purpose whatever." Some states leave it to the state superintendent or other authorities to interpret the general terms.

**Lawful Uses**

As pointed out above, Connecticut, the first state to create a permanent common school fund, made teachers' wages and board the sole objects to which the income of the School Fund might lawfully be applied. New York followed the example of Connecticut and made the payment of the board and wages of teachers the sole lawful use of the income of the Common School Fund from the time of its first distribution in 1816. Maine hesitated to make restrictions regarding the application of the public school moneys but gradually defined the uses. The first distribution of the



revenue of the Permanent School Fund took place in 1851. The law appears to have left it largely to the towns to decide to what objects of school expenditure their share of the income should be applied. Chapter 68 of the Law of 1876 required a municipal officer to make sworn returns of the amount of all moneys received or expended for school purposes, but did not call for a specification of the objects to which the moneys had been applied.<sup>421</sup> In general the Maine laws have simply provided that the revenue must be applied to the support of public schools and have left the interpretation of the term "support" to the State Superintendent of Schools or to other school officers. The present school law, 1905, names seven objects as the only ones to which the income of the Permanent School Fund shall be devoted: (1) teachers' wages; (2) teachers' board; (3) fuel; (4) janitors' services; (5) conveyance of pupils; (6) pupils' board; (7) tuition. Moneys for erecting or repairing buildings, for the purchase of school property, apparatus, books and for insurance must be raised by local taxation.<sup>422</sup>

The laws of Tennessee require that the revenue of the Permanent School Fund shall be used for the support and maintenance of the public schools of the state,<sup>423</sup> but leave the exact application of the income "to the judgment of the district directors who are to use the school fund apportioned to their district . . . in such manner as will promote the interests of the public schools."<sup>424</sup>

The failure to name in the laws the specific objects to which the income of the permanent common school fund may be applied is generally the result of one of several conditions. Where the public is indifferent and it is difficult to get local units to accept a share of the public moneys it seems unwise to make restrictions which will in any way deter them from accepting it. The existence of such conditions no doubt largely accounts for the failure of Florida to make provisions of this sort at first.<sup>425</sup> In some of the public land states the income of the permanent school fund has been so

<sup>421</sup> Me. School Report, 1901, p. 89.

<sup>422</sup> Me. School Laws, 1905, p. 8, Sec. 19.

<sup>423</sup> Tenn. School Laws, 1895, p. 19, Sec. 34.

<sup>424</sup> Ibid., p. 9, Sec. 20.

<sup>425</sup> Laws of Florida, 1848, Chap. 231, Sec. 1.

large, and the difficulties of supervision, resulting from the lack of means of communication in pioneer days, so great that it has been left to the districts to make such use of the moneys as they saw fit.

Massachusetts has made no statutory provisions respecting objects to which the income of the School Fund may be applied. The only statement is found in the form prescribed for the sworn certificate of the school committee, sent annually to the Secretary of the State Board of Education.<sup>425a</sup> From 1846 to 1854 the general educational expenses of the state and of normal schools were paid from the proceeds of lands belonging to the Massachusetts School Fund.<sup>426</sup> Since 1854 these expenses have been paid out of one-half the income of the fund received for these purposes, the other half of the income being distributed among the towns.<sup>427</sup>

The following table represents the more important objects to which the income of the permanent common school funds may be lawfully applied, and some of the states providing them:

TABLE XXI. LAWFUL OBJECTS TO WHICH REVENUE OF PUBLIC PERMANENT COMMON SCHOOL FUNDS MAY BE APPLIED \*

<i>Objects</i>	<i>States</i>
I. For teachers' wages and training	
1. Per cent which must be applied to teachers' wages only	100%—Conn., Ind., Mich., Mo., Neb., R. I., Utah, W. Va. 96%—Ala. 90%—Cal.
2. Teachers' wages chiefly <sup>a</sup>	Del., Ia., Kan., Me., Mass., Md., Minn., Miss., Va.
3. Teachers' board	Maine
4. Teachers' institutes only	S. C. and N. H.
5. Expenses of summer normal schools	Virginia

<sup>425a</sup> Sixty-second Annual Report of the Board of Education of Mass., 1897-98, p. 209.

<sup>426</sup> Law of Mass., 1846, Chap. 219; Ibid., 1849, Chap. 117, Sec. 3.

<sup>427</sup> Laws of 1854, Chap. 300, Secs. 2, 3.

<sup>a</sup> These states devote their revenue chiefly to teachers' wages. Cf. account given for each state in Part II.

\* Taken from accounts given for each state in Part II.

TABLE XXI—*continued*

<i>Objects</i>	<i>States</i>
II. For school-houses, construction, equipment, and care	
6. Building and repairing school-houses and purchase of school furniture	Miss., Mont.
7. Exclusively for building public school-houses	N. C.
8. Rent and insurance	Mont.
9. Fuel	Me., Mass., Miss. <sup>b</sup>
10. Janitor service	Me., Mass.
11. School libraries	Cal., Ia.
12. Sundries	Cal., Ia.
III. For pupils' tuition and supplies	
13. Pupils' tuition in another district	Ia., Me.
14. Pupils' transportation (conveyance)	Me., Mass., Mont.
15. Pupils' board	Me.
16. Free text-books	Del., Md., <sup>c</sup> Mass., Mont.
IV. Supervision	
17. Superintendent of schools	Mass.
18. State department of education	Ky.
19. School officers, committee, etc.	Mass., N. J., Va.
V.	
20. For all school expenditures	
Except purchasing of lots and buildings	Colo., Kan.
Except repairing and furniture	Colo.
VI. For support of schools, apparently including all expenditures	
21. Stated in general terms	Ark., Fla., Ida., Ill., Kan., La., Minn., Miss., N. J., N. Mex., N. Y., N. C., Ohio, Okla., Ore., S. D., Tenn., Vt., Wash., Wyo., Tex.
22. Revenue not kept separate from taxes	Ga., Mont.

The second class of legislative and constitutional provisions which reveal the aims the states have sought to realize through permanent school funds, are provisions respecting conditions which must be fulfilled by the school

**Conditions of Participation**

<sup>b</sup> Including water.

<sup>c</sup> Including stationery.

unit in order to receive a share of the permanent common school fund. Among the oldest and most influential of such conditions are, first, the submission of school returns, or reports by the local communities to the state; second, the levying of local taxes; and third, the maintenance of school for a term of specified length.

The thing most necessary for the establishment of an effective system of schools was to secure returns from the districts and townships throughout the state. Several things might be achieved through such returns. First of all, these returns would furnish data for intelligent legislation; second, they could be used as a basis for the wise distribution of the income of the permanent common school fund; and third, through these returns a bond of union would be established between the state department of education and the local communities.

Connecticut, whose provisions respecting participation in the revenue of the School Fund were remarkable chiefly for their absence of requirements, made it necessary for school societies to furnish the state with some sort of returns. The Act of 1799, referred to above, provided, "That, in the future no order (for a share of the revenue of the School Fund) shall be drawn by any (school) society except on the receipt of a certificate, signed by the school society committee, stating that all moneys drawn from the public treasury . . . have been faithfully applied . . . in paying and boarding instructors." Meager as these reports were, they, nevertheless, opened communication between the school societies and the State Commissioner of the School Fund. New York required the submission of school returns from the first.<sup>428</sup> Maine, by the law of 1850, provided that towns from which no returns are received by the Secretary of State by the 10th of April shall receive no portion of the revenue of the Permanent School Fund.<sup>429</sup>

As stated in a previous paragraph, Connecticut did not require school societies to levy a local tax in order to share in the income of the School Fund. New York, profiting by the experience of Connecticut, provided in 1812

**Second Condition;  
Local Taxation**

school societies to levy a local tax in order to share in the income of the School Fund. New York,

<sup>428</sup> Report N. Y. State Supt. of Public Instruction, 1833, pp. 12-13.

<sup>429</sup> Acts of Me., 1850, Chap. 123, Art. 10, Sec. 6.

that every town sharing in the revenue of the Common School Fund must raise taxes equal to its share.<sup>430</sup> Finding that many of the towns did not choose to share in the public moneys under such conditions, participation which had been at first optional was made compulsory.<sup>431</sup>

The law by which the Massachusetts School Fund was created provided, "That there shall never be paid to any city, town or district a greater sum than is raised therein respectively for the support of common schools."<sup>432</sup> Five years later this state provided that a legal tax of \$1.25 must be levied for every child of school age within the town, city, or district.<sup>433</sup> In 1849 this rate was raised to \$1.50.<sup>434</sup> Since 1865 the rate has been \$3.00.<sup>435</sup> Massachusetts has further encouraged local taxation for schools by her method of apportioning school revenues. Since 1891 the portion of the income of the school fund which any town received has been determined in part by the ratio of its school tax to its total tax, towns having the largest ratio receiving the largest share.<sup>436</sup>

As stated in the earlier part of this chapter, it was not until 1841 that Connecticut required societies and districts to maintain

**Third Condition:** free schools for a specified term.<sup>437</sup> New York

**Fixed School Term** appears to have required, from the first, districts to maintain schools for at least three months. The length of the term which schools must be maintained in order to receive a portion of the revenue of the permanent common school fund varies to-day in different states all the way from three months in California and Kansas and other states, to nine months in Connecticut and New York.

In addition to the three classes of conditions already mentioned,

<sup>430</sup> Laws of New York, 1812, Chap. 242.

<sup>431</sup> Ibid., 1814, Chap. 192, Sec. 21.

<sup>432</sup> Laws of Mass., 1834, Chap. CLXIX, Sec. 3.

<sup>433</sup> Ibid., 1839, Chap. 56.

<sup>434</sup> Ibid., 1849, Chap. 117, Sec. 3.

<sup>435</sup> Acts of 1865, Chap. 149, Sec. 1.

<sup>436</sup> Acts of Mass., 1891, Chap. 177.

<sup>437</sup> Laws of Conn., 1841, Title IV, Sec. 32.



there are many others which have been employed to good advantage. Most of the states seem to have made use, and in some cases **Miscellaneous Provisions** most important use, of their permanent common school funds as a means of inducing or compelling communities to improve local opportunities for education within themselves. The character and number of conditions of participation vary in the different states even more widely than the lawful objects to which the public school moneys may be applied. In certain states, such as Arkansas, Louisiana, Tennessee, and Ohio, no restrictions or conditions are named.\* On the other hand, in Connecticut five conditions must be fulfilled; in Massachusetts and Minnesota, four. Some of the most important requirements are the legal qualification of teachers, the visitation of schools, compliance with requirements regarding courses of study, provision of free text-books, enforcement of the truancy law.

The following table presents the conditions of participation which must be fulfilled by the cities, towns, and districts in the states mentioned, in order to share in the revenue of the permanent common school funds:

TABLE XXII. CONDITIONS OF PARTICIPATION

<i>Conditions †</i>	<i>States</i>
I. Submission of school returns and reports	
Submit reports required by law to county superintendents	Ore., Ind., Kan., Nev.
Returns previously submitted	Conn., Ill., Me., Mass., Minn.
Submit state superintendent reports required by law	Utah
Must send returns as to enumeration of pupils required by law	Mo., N. Dak.

\* This statement is subject to correction. In certain states the conditions of participation are left to the regulation of the State Department of Education and do not appear in the laws. See paragraph on Massachusetts under title "Lawful Uses," p. 173.

† Taken from the accounts given separately for each state in Part II. In certain states the conditions which must be fulfilled are left to the regulation of the State Department of Education and are not stated in the laws.

TABLE XXII—*continued*

<i>Conditions *</i>	<i>States</i>
II. Raise local tax	
Raise fixed local tax	Del., Mass., N. Y., R. I. <sup>a</sup>
Must raise and expend school moneys required by law	Me., Vt.
Raise local tax sufficient with school fund to support a school	Wash.
III. Must expend moneys for lawful objects	
Moneys drawn from public treasury expended for teachers' wages only	Conn.
Must expend for tuition amount received from state auditor	Ind.
Must not divert school library moneys to other purposes	N. Y.
IV. Legal qualification of teachers	
Schools taught by duly examined and qualified teachers	Conn., Fla., Ill., Ky., Mich., Minn., Me., Neb., Nev., N. Y.
V. Maintenance of school for lawful term	
Must maintain school not less than:	
Nine months	Conn., N. J.
Eight months	Fla., N. Y.
Six months	Cal., Ky., Nev.
Five months preceding year	Mich., Minn.
Twenty weeks annually	Me., <sup>b</sup> Utah
Five months during current year	Va., Wash.
Three months	Colo., Kan., Mo., <sup>b</sup> Mont., Neb., <sup>c</sup> Wyo.
Twelve school weeks (sixty days)	Ore.
Maintain public schools as required by law	Mass.
VI. Attendance	
Must average not less than fifty pupils	Fla.
VII. Visitation of schools	
Schools visited according to law	Conn.

<sup>a</sup> Town must raise by local tax amount equal to the share it receives from the state.

<sup>b</sup> Maintain school for six months if a tax of forty cents on \$100 assessed valuation within the district plus public funds will maintain it for that length of time.

<sup>c</sup> Not less than three months in a district having less than twenty pupils. Not less than six months in a district having from twenty to seventy-five pupils. Not less than nine months in a district having more than seventy-five pupils.

\* In certain states the conditions which must be fulfilled are left to the regulation of the State Department of Education and are not stated in the laws.

TABLE XXII—*continued*

<i>Conditions *</i>	<i>States</i>
VIII. Equipment School facilities and accommodations suitable and satisfactory from a sani- tary standpoint	Del., Fla., N. J., <sup>d</sup> Va.
IX. Course of study Instruction given in subjects required by law	Me.
Regular and systematic instruction in physiology and hygiene	Mich., N. Y.
Must not permit sectarian instruction	Mont., Nev.
X. Schools must be free to all children School free to every child in the district between six and twenty years of age	Ky.
XI. Free text-books Furnish suitable (free) text-books	Me.
XII. Enforce truancy law Comply with truant law	Mass.
XIII. Enforce compulsory education law Must enforce compulsory education law	N. Y.
XIV. General and inclusive Full compliance with all laws and deci- sions pertaining to common schools	N. Y.
XV. Apparently none <sup>e</sup> No restrictions or conditions named or exactd	Ark., Ida., Ia., La., Tenn., Tex.
Not stated <sup>e</sup>	Ala., Miss., Ohio, S. Dak.
Not learned <sup>e</sup>	N. C., N. Mex., Okla., S. C., Ariz., Ga., I. T., La., Md., N. H.

By provisions for apportioning public moneys among school

<sup>d</sup> Plans for school buildings must be submitted to State Board of Education for suggestions and criticisms, certain architectural requirements being specified by law.

<sup>e</sup> Subject to correction.

\* In certain states the conditions which must be fulfilled are left to the regulation of the State Department of Education and are not stated in the laws.

units according to some fixed basis, e. g., the rate of local school tax or the number of teachers employed, aims are revealed and results secured as objective and as definite as those arising from naming conditions of participation and lawful objects.

**Aims Revealed in  
Basis of Appor-  
tionment**

The question of the basis upon which the income of the permanent common school funds can be most effectively distributed is but a part of the larger question of the distribution of the school moneys. Mr. Cubberley in his volume, *School Funds and Their Apportionment*, has given a most able discussion of the different methods and bases which have been employed. The present discussion will attempt to show the evolution of the more important of these methods.

In Connecticut, from 1799 to 1800, the revenue of the School Fund was distributed among the school societies according to their lists of polls and valuation. The result was that the largest and most populous societies received the greater portion.<sup>438</sup> In New York, until 1851, the revenue of the Common School Fund was distributed among the counties and towns in proportion to their total population.<sup>439</sup> The present method of apportionment of the income of the Permanent Common School Fund in New York is complex. The total population serves as a partial basis.<sup>440</sup>

In the year 1820 a more just basis was established in Connecticut, namely, the number of children from four to sixteen years of age residing in the several societies. School societies were abolished in Connecticut in 1856 and towns became the units of distribution.<sup>442</sup> With this exception, the basis of distribution has continued practically unchanged in Connecticut up to the present time. The State Controller apportions the income of the School Fund among the towns upon the basis

**First Basis: Total  
Population**

**Second Basis:  
School Census**

<sup>438</sup> Report Conn. Board of Education, 1876, pp. 111-113.

<sup>439</sup> Unpublished account by N. Y. State Dept. of Finance, received Dec. 23, 1906.

<sup>440</sup> N. Y. Consolidated School Law, 1905, Title 2, Art. 1, Sec. 7.

<sup>442</sup> Public Acts of the State of Conn., 1856, p. 39, Chap. VII, Sec. 3.

of their school population (four to sixteen years).<sup>443</sup> This basis of apportionment was adopted by Maine and Florida and many other states when they established their permanent common school funds and is the sole basis employed to-day by twenty-eight states. Several other states employ it as a fractional or part basis.

The evils resulting from apportioning the funds on the basis of school population were early felt in Minnesota. The Superin-

**Evil Results of  
School Population  
Basis. Minnesota  
Adopts Average  
Attendance Basis**

tendent in his report for 1875 recommended a change to the number of children enrolled and the next legislature enacted a law to this effect. Superintendent D. Burt, in his report for 1876, p. 9,

wrote: "When our older states enacted laws for apportioning school money upon the basis of children between certain ages, nearly all such persons were actually members of the public schools, therefore such laws really made the scholars enrolled the basis of apportionment. The old plan (based on school population) gave an unfair advantage to districts in which there happened to be parochial schools maintained at private expense. In a (certain) district . . . a settlement of Norwegians has maintained a private school so that the enrollment in the public school has never exceeded twenty, while the district has drawn money on seventy-eight persons, fifty-eight of whom have not in the least increased the expenses of the public school."<sup>444</sup>

Superintendent Burt states further that the effects of the school population basis are especially disastrous in large cities where an undue per cent of the school population are at work, and where the schools continue to draw money for them. "Thriving centers of business attract . . . large numbers of persons between five and twenty-one who go thither to work and not to go to school. Upon the old plan (school census basis) out of three districts in a certain county, one educated eight hundred six scholars, on each of which it received in one year from the state fund \$2.05; another educated five hundred twenty, on each of which it received \$1.33; the third educated one hundred seventy-four, receiving only \$1.25

<sup>443</sup> Conn. School Law, 1896, Sec. 182, p. 69.

<sup>444</sup> Report Minn. Supt. of Public Instruction, 1876, pp. 9-11.



to each scholar. This plan of distribution afforded no inducement to open public schools no matter how many children were receiving no education." By opening one school for two persons for three months in the year a district drew public money on the whole mass.<sup>445</sup>

"In some counties there have been annually from ten to thirty schools opened on the smallest possible scale, just long enough to draw public money. A majority of the children . . . could be left unschooled, and still the current school fund had to be apportioned even to districts that made no educational provision for many of their children. There was also no incentive to open schools in new counties. . . . The larger the scholastic population became before the schools were organized, the more money was drawn from year to year. To one county apportionments were made for four years, the last one on two hundred ten children, before it opened a school; to another, for six years; and to one for nine years before it secured schools. Another county accumulated about two thousand dollars (\$2,000) before organizing schools, on which it lately supported four, whose average length was five and one-half months, without the aid of any special tax."<sup>445</sup> In Minnesota, prior to 1876, the income of the Permanent Common School Fund was distributed upon the basis of school population. In 1876 a law was passed making the number of pupils actually enrolled in school the basis.<sup>444</sup>

School population was the basis employed by Florida until 1894, when a constitutional amendment made the average attendance upon school the basis.<sup>446</sup> Next to school population, average attendance is the most widely employed basis. It is found, among other states, in Florida, Minnesota, North Dakota,<sup>447</sup> and Washington<sup>448</sup> and in part determines the distribution of the revenue of the Permanent

**Average Attendance Adopted by Florida, 1894**

<sup>445</sup> Ibid., pp. 11-12.

<sup>446</sup> Constitution of Fla., 1894, Art. 12, Sec. 7.

<sup>447</sup> Data furnished, Sept. 12, 1906, by W. L. Stockwell, State Supt. of Public Instruction of N. Dak.

<sup>448</sup> School Laws of Wash., 1901, p. 25, Title II, Chap. 1, Sec. 22.

Common School Fund of New Jersey.<sup>449</sup> In North Dakota the income of the Permanent School Fund is apportioned among the counties upon the basis of the number of children between six and twenty who have attended school sixty days, "exclusive of those who have attended educational institutions maintained strictly by the state."<sup>447</sup> In Washington the income of the Common School Fund is apportioned among the counties in proportion to the total number of days of attendance.<sup>448</sup>

Three bases of apportionment have been presented thus far: total population, school population, average attendance. Average attendance is the only one of the three which tends to incite local communities to establish schools. There is nothing in any one of them to incite an increase in the number of teachers employed or to improve the school organization. Moreover, these methods of distribution fail to take into consideration the assessed valuation of the property of the town or district. Consequently it often happens that the communities which are most able to support schools are aided as much, in many cases more, than poorer districts. Again, these methods of apportionment place no premium upon local taxation. Under them a community that taxes itself for schools just enough to satisfy the requirements of the law may receive proportionately more than the community which taxes itself in excess of the law.\* Certain states, appreciating not only the possibility of making a more just and equitable distribution, but also the possibility of making the basis of apportionment promote certain definite ends, have developed complex bases upon which the income of their permanent common school funds is apportioned.

Scarcely any fund shows so rapid an evolution and such ready adaptability to changed conditions, from whatever point it may be viewed, as the Massachusetts School Fund. During the brief course of its history the basis of apportionment appears to have been changed, to a greater or less

**History of Massachusetts Basis.**

\* An excellent discussion of this subject will be found in *School Funds and Their Apportionment*, by Ellwood P. Cubberley.

<sup>449</sup> N. J. School Law, 1903, Sec. 183.

extent, not less than thirteen times. The bases upon which its revenue has been distributed may be summarized here as follows:

In 1835 the income was halved; one-half was apportioned among the cities, towns, and districts on the basis of population, the other half in proportion to the local school tax.<sup>450</sup> In 1839 school population was made the basis;<sup>451</sup> in 1840, total population.<sup>452</sup> In 1841 school population was restored as the basis.<sup>453</sup> In 1845, 1849, and 1854 certain unimportant changes were made. Since 1854 the income of the Massachusetts School Fund has been halved, one-half has been used for paying all appropriations for general educational expenses not otherwise provided for; the other half has been distributed to the towns.<sup>454</sup> In 1866 the method of distribution underwent a radical change. Seventy-five dollars were to be apportioned to every town and city. The remainder was to be apportioned upon the basis of school census among the towns in which the district system did not exist, upon the basis of their school census (5-15 years). No noteworthy change occurred until 1874, when the assessed valuation of towns was made the basis. Towns were divided into four classes for annual apportionment. One-half of the income was distributed to towns whose valuation did not exceed ten million dollars. Each town whose valuation did not exceed one million dollars received two hundred dollars per annum; each town whose valuation exceeded one million and did not exceed three million dollars, received one hundred fifty dollars; each town whose valuation was between three and five million dollars received one hundred dollars. The remainder of this half of the income was distributed among the towns whose valuation did not exceed ten million dollars, including the three classes of towns already mentioned, in proportion to their school population (5-15 years).<sup>455</sup>

Since 1874 the tendency has been to limit the income of the fund

<sup>450</sup> Fiftieth Report of the Board of Education of Mass., p. 91.

<sup>451</sup> Laws of Mass., 1839, Chap. 56.

<sup>452</sup> Laws of Mass., 1840, Chap. 7.

<sup>453</sup> Laws of Mass., 1841, Chap. 17.

<sup>454</sup> Laws of Mass., 1854, Chap. 300, Secs. 2, 3.

<sup>455</sup> Acts of 1874, Chap. 248, Sec. 1.

to towns of less and less value and to apportion to these towns an increasing sum. In 1891 the income of the fund was limited to towns whose valuation did not exceed three million dollars. The portion of the income remaining after the distribution of it among the towns on the basis of their value, was divided among those towns whose tax for the support of schools was not less than one-sixth of their whole value.<sup>456</sup> In 1893 the amount distributed to towns whose valuation did not exceed five hundred thousand dollars was increased from two hundred seventy-five dollars to three hundred dollars. In 1903 the income of the fund was limited to towns whose valuation did not exceed two and one-half million dollars.\*

Among other states which have employed a complex method of apportionment may be mentioned California, New Jersey, New York, Rhode Island, and Wyoming. In some of these states we find a fixed amount paid to every district, town, or city for each teacher employed, or for each school maintained, or for each district, or for each superintendent or supervising principal. The remainder is distributed upon one of the several bases, viz., total population, school population, school attendance, number of districts.

The following table presents a statement of some of the bases of apportionment and indicates the states which have employed them at one time or another. The effort has been made to make this table show the bases at present employed by the states, but this has not been possible in all cases owing to the fact that the last compilations of school laws have in some cases been inaccessible. Idaho, Oregon, and Nebraska, which are here given as apportioning their funds upon the basis of school population have recently passed laws providing that each district receive a fixed sum according to a method similar to that employed by Wyoming.

\* For criticism of the present method of apportionment employed by Massachusetts, consult E. P. Cubberley, *School Funds and their Apportionment*, pp. 212 ff.

<sup>456</sup> Acts of Mass., 1891, Chap. 177, Sec. 1.

TABLE XXIII.\* BASES OF APPORTIONMENT OF INCOME OF PUBLIC PERMANENT COMMON SCHOOL FUNDS

## I. SIMPLE BASES

<i>Bases</i>	<i>States</i>
1. To townships in accordance with amount of principal standing to their credit	Miss.
Chickasaw revenue among Chickasaw counties on basis of their area	
2. According to share in original capital	Ohio
According to number of teachers	
3. School population	Ala., Ark., Cal., <sup>a</sup> Colo., Conn., Ida., Ind., Ia., Kan., Ky., La., Me., Md., Mich., Mo., Mont., Nev., Okla., Ore., R. I., <sup>7</sup> S. Dak., Tex., Utah, Va., W. Va., Wis., Ill., Wyo. (in part.)
4. Average attendance	Fla., Minn., N. J., <sup>c</sup> N. Dak., Wash.

## 2. COMPLEX BASES \*

<i>Bases</i>	<i>States</i>
Fixed amount to each	
District	Wyo., \$150
School	R. I., \$100
Teacher	Cal., \$250; N. J., \$200; N. Y., \$100 (for each additional teacher)
Superintendent	N. J., \$600
Assessed valuation	Mass., N. Y.
School taxation	Mass.
School census	R. I.
School attendance	Cal. (average), N. J. (total)
Number of districts	N. J.
Total population	N. Y.

<sup>a</sup> California School Laws, 1903, p. 102, Sec. 1858.<sup>c</sup> New Jersey School Law, 1903, Secs. 182-183, as amended by Law of New Jersey, 1906, Chap. 241.<sup>7</sup> Rhode Island School Law, 1896, Chap. 53, Sec. 2.

\* Data in this table taken from separate accounts for each state in Part II.



## 3. DESCRIPTION OF COMPLEX BASES \*

Cal.<sup>a</sup>

\$250 for each teacher in every county, or in every city and county.

Twofold basis: (a) Number of teachers.

(b) Average attendance for remainder.

Del.

All the income, except \$300, which is given to Sussex county, is divided into three equal parts,—one part to each of the three counties. County's share is equally apportioned to districts within said county, according to the number of districts.

Mass.<sup>b</sup>

To towns, by Commissioners of Massachusetts School Fund.

1. Assessed valuation.

2. Rate of school taxation—the higher the rate the larger the quota.

Twofold basis:

1. None to any town valued over \$2,500,000. Towns whose assessed valuation is,

		<i>Receive Annually</i>	
Not over	\$500,000	\$500	If rate of tax is \$18 or more on \$1,000, receives \$75 more
Between	\$500,000 & 1,000,000	300	
"	1,000,000 & 2,000,000	150	
"	2,000,000 & 2,500,000	75	

2. Remainder of income is distributed to towns whose assessed valuation is less than \$2,500,000 and whose annual school tax is not less than one-sixth of entire tax, in a proportion determined by the ratio of school tax to total tax.

N. J.<sup>c</sup>

Fourfold basis:

1. Number of teachers employed.

\$200 for each teacher employed one year.

\$180 for each teacher employed less than one year and not less than four months.

2. \$600 to each district which has employed a superintendent or supervising principal devoting his entire time to supervision.

3. Total school attendance.

4. Number of districts.

<sup>a</sup> California School Laws, 1903, p. 102, Sec. 1858.<sup>b</sup> Massachusetts Acts, 1903, Chap. 456.<sup>c</sup> New Jersey School Law, 1903, Secs. 182–183, as amended by Law of New Jersey, 1906, Chap. 241.

\* Data in this table taken from separate accounts for each state in Part II.

N. Y.<sup>d</sup>

By commissioner of education among districts and cities.

Threefold basis:

## 1. Assessed valuation of district.

Each district whose assessed valuation is not more than

		<i>Receives</i>	
	\$20,000	\$200	
Between	\$20,000 & 40,000	175	
"	40,000 & 60,000	150	

To each Indian reservation for every teacher employed thirty-two weeks or more, \$150.

\$125 to all remaining districts and each city of state.

## 2. Number of teachers employed.

To each district, Indian reservation, and city, \$100 for every additional duly licensed teacher.

## 3. Population.

The remainder to counties in proportion to their population.

N. C.<sup>e</sup>

Uses her fund exclusively as a loan fund to districts for building school-houses.

R. I.<sup>f</sup>

To towns.

## 1. Number of schools, \$100 to each school—not more than fifteen schools in one town.

## 2. School population (five to fifteen years).

Vt.<sup>g</sup>

\$15,000 of income is annually divided among towns and cities and unorganized towns and gores in same manner as the \$45,000 Reserve Fund is divided.

The remainder of the income is divided by the State Treasurer among towns, cities, and unorganized towns and gores according to number of legal schools maintained the preceding year.

Legal schools are schools maintained at least twenty-eight weeks, taught by qualified teachers, reporting and returning registers as required by law.

## Wyo.

\$150 to each school district in county.

Residue on basis of school population.

The more important provisions regarding the lawful use of the

<sup>d</sup> Laws of New York, 1906, Chap. 698, Sec. 1.

<sup>e</sup> Act passed Jan., 1903.

<sup>f</sup> Rhode Island School Law, 1896, Chap. 53, Sec. 2.

<sup>g</sup> Acts of Vermont, 1906, Sec. 13, approved Dec. 14, 1906.

revenue of the permanent common school funds, requirements for their share in it and the methods and bases of apportionment have been described. Thus far there has been little direct consideration of the aims sought through these provisions nor of the results obtained. In general two classes of aims and of results have been sought and secured: first, assistance in school support, and second, the education of public sentiment respecting free schools.

With the exception of those estates which provide the lawful uses of the permanent school funds revenue in general terms, and excepting also states, such as Georgia and Montana, where the revenue is not kept separate from state taxes, the objects provided by law fall into the following groups: (1) teachers' wages and training; (2) school-houses, equipment, and care; (3) tuition and supplies; (4) supervision; (5) all school expenditures except purchasing lots and furniture and building and repairing school-houses; (6) apparently all expenditures for schools. The first four groups show definite ends which states have aimed to accomplish through their permanent common school funds. To secure good teachers, to make their wages certain and to increase their efficiency is the aim underlying the objects named in the first group; to provide good, sanitary, well-equipped school-houses is the aim of the second group; to give to every child in every part of the state the best opportunities of education is the aim discernible in the provisions of the third group; to give unity through organization and to raise the standard of supervision and method are the aims underlying the fourth group.

The conditions that the states have provided which must be fulfilled by local units in order to receive their share of the income of the permanent common school fund revenue reveal aims similar in many respects to the aims revealed in the provisions respecting lawful uses of this revenue. The earlier provisions regarding the lawful use of the revenue resulted in supplying stable means of support to the most important and heaviest items of school expenditure. In these provisions there was an opportunity of educating public

**Aims Revealed  
in Lawful Uses**

**Aims Revealed in  
Conditions of  
Participation**

sentiment. Nevertheless, in the conditions of participation the states have found the largest opportunity for educating public sentiment in the matter of supporting schools. Through the submission of returns to the state department, the states have sought to establish a bond of union between the local communities and the state school authorities. As soon as a certain tax is required, or the maintenance of a school for a legal term in order to share in the public revenue, the sentiment of the communities throughout the state will tend to approach a certain standard.

The earlier methods of apportionment, total population and school population, were adopted simply as means of distributing

**Aims Revealed  
in Methods of  
Apportionment**

the school revenue equally, as it was supposed, among the different communities of the state.

There was little opportunity through them to develop public sentiment. The more complex methods of apportionment which have been described have aimed directly to equalize the cost of maintaining schools and to equalize also the opportunities of education throughout the state. This is done by giving to the smaller and poorer districts a fixed sum as large as shall be received by the largest districts, as in Wyoming, or by giving to the towns of the lowest valuation the largest sum, as in Massachusetts. The second aim revealed in the more complex methods of apportionment is to encourage local communities to employ supervisors, more teachers, to increase the average attendance, to increase taxation for schools and the number of schools.

A comparison of the educational conditions described in the opening paragraphs of this chapter with those of the present readily shows to what an extent the aims mentioned in this chapter have been realized. How far the existence and support of free schools are results of the influence of the permanent common school funds will perhaps be evident from a description of the effects of these funds upon the different aspects of the school system which they have been employed especially to promote.

Nine states have made teachers' wages the sole object to which the income of the permanent common school fund might be lawfully applied. A number of others have made it a chief ob-

ject.\* In states such as New York where local tax was required for participation in the revenue of the Permanent Common School Fund, the fund resulted in supplying two sources

**Effect of Permanent  
School Funds on  
Teachers' Wages**

from which money for teachers' wages was derived. The effect of such provisions was not limited simply to assuring the teacher his wages. By it public attention was turned to the importance of the teacher's wage. A further result was that districts were compelled to raise money for erecting, repairing, and equipping school-houses and for school supplies.

The wages of teachers have been increased, indirectly, through the permanent common school funds by the part these funds have played in increasing the efficiency of teachers.

**Effect on  
Teachers'  
Efficiency**

The provision that districts in order to share in the revenue of the permanent common school fund must employ teachers duly qualified, has resulted in raising the standard of qualifications. New York made this a condition from the very first.<sup>457</sup> Connecticut as early as 1841 provided that no school districts should be entitled to any portion of the public money unless the school had been taught by a teacher or teachers duly qualified.<sup>458</sup> Over one-fifth of the states in the Union have made this a requirement for participation in the revenue of the permanent common school fund.

In 1896 Massachusetts provided that "With the approval of the state board of education, there may be paid from the income of the school fund to any town having a valuation of less than \$250,000 (amended so as to read \$350,000 by chapter 498, Acts of 1897) a sum not exceeding two dollars per week for the actual time of service of each teacher approved by the school committee of said town, after special examination as to exceptional ability, employed in public schools of said town: which same shall be added to the salary of such teacher."<sup>459</sup> Massachusetts has employed

**Massachusetts  
School Fund  
Devoted to  
Advancing  
Teachers' Wages**

\* See Table XXII, Lawful Objects, p. 181.

<sup>457</sup> Report N. Y. State Supt. of Public Instruction, 1833, pp. 12-13.

<sup>458</sup> Laws of Conn., 1841, Title IV, Sec. 32.

<sup>459</sup> Acts of Mass., 1896, Chap. 408.



the revenue of her School Fund for increasing the efficiency of teachers further by using it to support normal schools. Prior to 1854, certain moneys devoted to the principal of the Massachusetts School Fund were used to support normal schools. Since 1854 a portion of the income of the fund has been devoted to this cause.<sup>460</sup> The income of the permanent common school fund has been employed in some of the public land states in a similar manner. For example, Wisconsin provided that the income of the School Fund shall be applied exclusively to the following objects: (1) The support and maintenance of common schools in each school district, and the purchase of suitable libraries and apparatus therefor; (2) the residue shall be appropriated to the support and maintenance of academies and normal schools and suitable libraries and apparatus therefor.<sup>461</sup>

The increase in the wages of teachers during the last half of the nineteenth century in New York, Massachusetts, Maine, Indiana, and Connecticut is shown by the following table:

TABLE XXIV. INCREASE IN TEACHERS' WAGES IN TYPICAL STATES, 1847-1907  
AVERAGE MONTHLY WAGE, MALE AND FEMALE

Year		<i>New York</i> <sup>g, e</sup>	<i>Mass.</i> <sup>j</sup>	<i>Maine</i> <sup>k, i</sup>	<i>Ind.</i> <sup>l</sup>	<i>Conn.</i> <sup>m</sup>
1831	Male	\$8.42 <sup>e</sup>				
	Female					
1837	Male		\$25.48			
	Female		11.38			
1839	Male	12.00 <sup>e</sup>				
	Female					

<sup>e</sup> Male and female not reported separately.

<sup>g</sup> Data taken from Table XXXI; see Index to Tables.

<sup>i</sup> Not including board.

<sup>j</sup> Data taken from Table XLVII; see Index to Tables.

<sup>k</sup> Data taken from Table XXXIX; see Index to Tables.

<sup>l</sup> Data taken from Table LVI; see Index to Tables.

<sup>m</sup> Data taken from Table XXVIII; see Index to Tables.

<sup>460</sup> Laws of Mass., 1854, Chap. 300, Secs. 2, 3.

<sup>461</sup> Constitution of Wis., 1848, Art. X, Sec. 2; Hinsdale's *Educational Documents*, p. 1333.

TABLE XXIV—*continued*

<i>Year</i>		<i>New York</i> <sup>a, e</sup>	<i>Mass.</i> <sup>†</sup>	<i>Maine</i> <sup>k, †</sup>	<i>Ind.</i> <sup>‡</sup>	<i>Conn.</i> <sup>m</sup>
1845	Male	\$10.00 <sup>e</sup>	\$32.11 <sup>h</sup>			
	Female		7.50 <sup>‡</sup>			
1847 <sup>a</sup>	Male	14.96	24.51	\$15.40	\$12.00	\$16.00
	Female	6.69	8.07	4.80	6.00	6.50
1851	Male			16.66		
	Female			5.92		
1855	Male		43.05 <sup>h, o</sup>	20.57	23.76	
	Female		18.52 <sup>h, o</sup>	7.60	16.84	
1865	Male	31.00 <sup>e</sup>	54.77	27.76	31.00	52.05 <sup>p</sup>
	Female		21.82	9.96	20.50	24.91 <sup>p</sup>
1875	Male	50.78 <sup>e</sup>	88.37	36.96	42.40	71.48
	Female		35.35	17.36	38.20	36.67
1885	Male	48.57 <sup>e</sup>	111.23	32.07	44.60	69.17
	Female		43.97	15.84	36.80	37.21
1895	Male	53.00 <sup>e</sup>	128.55	35.11	47.60 <sup>q</sup>	85.87
	Female		48.38	24.04	41.20 <sup>q</sup>	41.48
1905 <sup>r</sup>	Male	83.56 <sup>e</sup>	149.05	38.22	58.08	108.34
	Female		57.22	29.48	52.00	47.66

	<i>Mass.</i>	<i>Penn.</i>	<i>Conn.</i>	<i>Maine</i>	<i>N. Y.</i>	<i>N. H.</i>	<i>Mich.</i>	<i>Ind.</i>	<i>Vt.</i>	<i>Ohio</i>
1847 <sup>a</sup>										
Male	\$24.51	\$17.02	\$16.00	\$15.40	\$14.96	\$13.50	\$12.71	\$12.00	\$12.00	\$15.42
Female	8.07	10.09	6.50	4.80	6.69	5.65	5.36	6.00	4.75	8.73
1907 <sup>b</sup>										
Male	149.02 <sup>c</sup>	54.49	103.92	39.98	88.88 <sup>e</sup>	52.63 <sup>†</sup>	63.01 <sup>c</sup>	60.80	42.78	45.00 <sup>d</sup>
Female	57.07 <sup>c</sup>	39.38	45.83	29.56		35.21 <sup>†</sup>	43.03 <sup>c</sup>	53.60	30.45	40.00 <sup>d</sup>

<sup>a</sup> Data for 1847 taken from Eleventh Annual Report of Mass. Board of Education, 1847, pp. 96-97.

<sup>b</sup> Report of U. S. Commissioner of Education, 1907, p. 556.

<sup>c</sup> For 1905-06.

<sup>d</sup> For 1902-03.

<sup>e</sup> Male and female not reported separately.

<sup>†</sup> High School teachers' wages not included.

<sup>q</sup> Data taken from Table XXXI; see Index to Tables.

<sup>h</sup> Including board.

<sup>‡</sup> Not including board.

<sup>†</sup> Data taken from Table XLVII; see Index to Tables.

<sup>k</sup> Data taken from Table XXXIX; see Index to Tables.

<sup>‡</sup> Data taken from Table LVI; see Index to Tables.

<sup>m</sup> Data taken from Table XXVIII; see Index to Tables.

<sup>o</sup> For 1856.

<sup>p</sup> For 1868.

<sup>q</sup> For 1893-94, Report U. S. Commissioner of Education, 1894-95, p. XLVI.

<sup>r</sup> Ibid., 1905, p. 409.

In New York, Maine, Massachusetts, and Indiana, schools were at first to a large extent, individual and isolated institutions. There were almost no standards of maintenance and procedure. State supervision was regarded in many instances as state interference. As has been pointed out earlier in this chapter, efforts made in these states to secure reports from the towns upon which to base legislation or apportion public moneys were ineffectual. The first important result then upon school supervision and organization wrought by the permanent common school funds is to be seen in their influence upon school returns.

Massachusetts, as early as 1826, had endeavored to secure returns from the towns concerning their schools. A law was passed requiring each town to report to the Secretary of State on ten matters of school affairs as previously stated in this chapter, but the law imposed no penalty for neglect and offered no reward for obedience. Out of a total of three hundred and five towns, two hundred and fourteen replied; twenty-one were silent. This interest, however, was only temporary, for five years later only eighty-six towns made returns. In 1832, looking forward to the establishing of the School Fund, a report of the Committee on Education upon this topic was printed in all the newspapers which publish the laws of the commonwealth. As a result of this extraordinary effort, ninety-six towns out of three hundred and five replied.<sup>391</sup>

The conditions in Maine were no better despite the fact that a large number of townships possessed township funds to aid in the support of their schools, and that the sources of these funds in many instances were lands which had been received originally from the state. In 1827 an act was passed by the Maine legislature requiring the selectmen of towns to make returns once in three years to the Secretary of State in four blanks furnished by him. The returns secured were so imperfect that no apportionment of school money was made on returns prior to 1833.<sup>462</sup> In 1837 an act was passed providing

**Effects of  
Permanent School  
Funds on School  
Organization**

**Massachusetts'  
Ineffectual Efforts  
to Secure School  
Returns**

**Maine's Ineffectual  
Efforts to Secure  
School Returns**

<sup>462</sup> Me. School Report, 1901, pp. 48-49.

for returns from town selectmen and plantation overseers to serve as a basis of distribution of the proceeds of bank taxes.<sup>463</sup> The returns received proved so unreliable that the act was repealed in 1842. The first reliable school returns were received in 1847, nineteen years after the establishment of the Permanent School Fund, and four years prior to the first distribution of its revenue.<sup>464</sup>

In New York, in 1815, the first year of the appropriation of the common school fund revenue, only four and one-half per cent of the schools failed to make returns. Prior to this time it had been practically impossible to secure any returns. Here as in Massachusetts the interest aroused by the prospect of the state permanent school fund was only temporary, for in 1816 twenty-two per cent of the towns failed to send returns. The influence of the Common School Fund was soon evident, for after a second distribution of its revenue there was a rapid decrease in the number of districts failing to make returns. The following table shows the decrease in the number of towns failing to make returns in Maine, Massachusetts, and New York after the establishment of their respective state-controlled permanent common school funds:

TABLE XXV. SUBMISSION OF SCHOOL RETURNS

Increase in Three Typical States, Showing Influence of Public Permanent Common School Fund

	<i>New York</i> <sup>a</sup>	<i>Massachusetts</i> <sup>b</sup>	<i>Maine</i> <sup>c</sup>
Permanent common school fund created	1805	1834	1828
First annual distribution of revenue	1815	1835	1851

<sup>a</sup> Data taken from Table XXXIV unless otherwise stated; see Index to Tables.

<sup>b</sup> Data taken from Table XLV unless otherwise stated; see Index to Tables.

<sup>c</sup> Data taken from Table XXXVIII unless otherwise stated; see Index to Tables.

<sup>463</sup> Ibid., pp. 52-53.

<sup>464</sup> Ibid., p. 60.

TABLE XXV—*continued*

	Number of Dis- tricts		Number of Towns		Number of Towns	
	Total	Not Making Returns	Total	Not Making Returns	Total	Not Making Returns
1815						
1816	3,713	840				
1820	6,659	327				
1825	7,773	656	305 <sup>e</sup>	91 <sup>e</sup>		
1835	10,132	456	305 <sup>f</sup>	7 <sup>f</sup>		
1851	11,397 <sup>d</sup>	224 <sup>d</sup>	316	1	377	16
1865				9	406	h
1875					421	5
1885						k

The acquirement on the part of the state of the power to secure returns from the towns and districts meant much more than the securing of data upon which to base intelligent legislation. It meant the establishment of intercourse between local school authorities and state central authorities. It induced local authorities to recognize standards of education set up by the state. It meant the acceptance of state moneys and in many cases the fulfilling of conditions necessary for receiving state aid. It was the beginning of a state system of schools. The effect of the school funds on school organization and supervision is illustrated forcibly in the part they have played in bringing about the establishment of the office of State Superintendent of Schools.

It has been pointed out in a preceding paragraph that as early as 1827 Maine provided that the towns should make returns to the Secretary of State. By this provision the Secretary of State was given a limited and temporary supervision of schools. This appears to have been the beginning of the office of State Superintendent of Schools

<sup>d</sup> For 1850.<sup>e</sup> For 1826.<sup>f</sup> For 1838-39.<sup>g</sup> For 1862.<sup>h</sup> None stated.<sup>k</sup> Not reported since.



in Maine. The first state supervision of schools in Connecticut was by a board of commissioners of common schools composed of the Governor, the School Fund Commissioner and eight persons, one from each county, appointed by the Governor. This board was abolished in 1842. In 1845 the Commissioner of the School Fund was made *ex officio* the Superintendent of Common Schools and held this office until 1849.<sup>465</sup> In Florida the Registrar of Public Lands was made Superintendent of Schools of the state in 1849, the year following the creation of the State School Fund.<sup>466</sup> Many of the public land states have provided for a board of education or a superintendent of schools in their constitutions which became effective upon their admission into the Union. Iowa, by constitution in 1846, provided that the common schools and the educational institutions of the state should be under the management of a board of education of which the lieutenant-governor should be the presiding officer.<sup>467</sup> Michigan, in 1837,<sup>468</sup> Wisconsin, in 1848,<sup>469</sup> and California in 1850,<sup>470</sup> each by constitution adopted in these respective years, provided for the office of Superintendent of Public Instruction. It seems that it is not stating the matter too strongly to say that without the federal grants for common school funds such provisions for state supervision would have been indefinitely postponed.

The local support of schools and the attitude of the towns and districts towards local school taxation have been previously described in this chapter and in Chapter II. It seems scarcely necessary to state again the fact that local school taxation had existed prior to the establishment of any permanent common school fund in Connecticut, New York, Massachusetts, and Maine as well as in such western states as Minnesota and in Arizona. Nevertheless, the school conditions in these states which have been outlined show clearly that although

Effects on  
Local Taxation

<sup>465</sup> Report Conn. Board of Education, 1876, pp. 119-120.

<sup>466</sup> Fla. Laws, 1848-49, Chap. 229, Sec. 2.

<sup>467</sup> Constitution of Iowa, 1846, Art. 9, Sec. 1.

<sup>468</sup> Constitution of Mich., 1837, Art. 10, Sec. 1.

<sup>469</sup> Constitution of Wis., 1848, Art. 10, Sec. 1.

<sup>470</sup> Constitution of Cal., 1850, Art. 9, Sec. 1.

local taxes were levied for schools, the moneys were given grudgingly and under protest. The effect of the permanent common school funds on public sentiment concerning local school taxation is strikingly attested by the rapidly decreasing ratio of the total common school revenues derived from the income of the permanent common school funds. In Florida in 1870 approximately twenty-nine per cent of the local expenditure for public schools was derived from the income of the School Fund. In 1875 this source contributed only twelve and one-half per cent; in 1894, five and four-tenths per cent; in 1905, two and two-tenths per cent.\* In Indiana, in 1866, only thirty-three and four-tenths per cent of the total common school revenue was derived from the local taxes. In 1905 over seventy-three per cent (.7359) was derived from this source.<sup>471</sup>

The following tables † show the relation of the income of the public permanent common school funds in Connecticut, New York, and Massachusetts to the total expenditure for schools and to school taxation: Table XXIX; Table XXXII; Table XL; Table LVIII.

It would be difficult to estimate the influence which permanent common school funds have had upon the erection of suitable and sanitary school buildings. New York required districts to erect school-houses and furnish them with fuel and necessary appendages.<sup>472</sup> This resulted in requiring the districts to raise money for these purposes by local taxation. North Carolina uses the income of her Literary Fund exclusively as a loan fund to districts to aid them in erecting school-houses.‡ Wisconsin loans a large portion of her School Fund to districts for building school-houses. Connecticut, as early as 1870, provided that no district should receive any public money unless it had a school-house and outbuildings satisfactory to the board of school visitors.<sup>473</sup> In at least four states, Delaware,

**Effect of  
Permanent School  
Funds on School  
Buildings**

\* Table XLII, see Index to Tables.

† See Index to Tables.

‡ See Account of North Carolina Literary Fund in Part II.

<sup>471</sup> Report U. S. Commissioner of Education, 1905, I, p. 411.

<sup>472</sup> Report N. Y. State Supt. of Public Instruction, 1833, pp. 12-13.

<sup>473</sup> Report Conn. Board of Education, 1876.

Florida, New Jersey, and Virginia, school facilities and accommodations suitable and satisfactory from a sanitary standpoint must be furnished in order for the town or district to receive a portion of the revenue of the permanent common school fund. In New Jersey plans for school-houses must be submitted to the State Board of Education for criticisms and suggestions. Certain architectural requirements are specified by law.<sup>474</sup>

The public permanent common school funds were the first stable source of support given to state systems of free schools in America.

**Miscellaneous  
Effects** Through the distribution of the income of the permanent school fund and the conditions attached to receiving it, schools have been maintained for a term of a definite length in many districts which otherwise would have been unwilling or unable to do so. Enough has been presented to show that the establishment of these systems was but the beginning of the great work accomplished. These funds have been wheel, ballast, and lever of our states' system of free schools. They set those systems in motion and kept them going. They maintained the equilibrium. They lifted them to higher and higher standards. The permanent common school fund has been the lever employed by many a state for raising the standards of educational opportunities and facilities; for securing (1) the adoption of better courses of study; (2) enforcement of truancy laws; (3) libraries, apparatus and in some instances, free text-books; (4) transportation and tuition of pupils. It was owing to these funds that opportunities for education increased and became universal in the United States. The first permanent common school funds did not, it is true, make the schools free, but they supported public schools during a period of indifference and opposition. They continue to-day to be the source of revenue which supports the state supervision of schools and which serves as a means by which communication is established between every school district, however remote, and the State Department of Education. Through their influence the public school in the United States has arisen from a state of wretchedness

<sup>474</sup> N. J. School Laws, 1903, Secs. 129, 130.

and contempt until it now is recognized as one of the most important and respected of all public institutions.

Of the Massachusetts School Fund it has been said:

"It may, then, be claimed for the Massachusetts School Fund that the expectations of those by whom it was established have been realized; that it has given unity and efficiency to the school system; that it has secured correct and complete returns from all the towns; that it has, consequently, promoted a good understanding between the legislature and the people; that it has increased local taxation, but has never been a substitute for it; that it has enabled the legislature, at all times and in every condition of the general finances to act with freedom in regard to those agencies which are deemed essential to the prosperity of the common schools of the state."<sup>475</sup>

Of the Indiana School Fund it may well be stated that from the admission of Indiana in 1816, during years of ignorance, illiteracy, and educational darkness, the Common School Fund stood as the only hostage of the pledges framed in the first constitution. During this period of a paper school system the Common School Fund kept alive the hope, the promise of and belief in a state system of public schools. It was not until after the re-establishment of the Common School Fund by the new constitution of 1851 that the Common School Fund became really effective. It was this fund that sustained public schools and "gradually mollified and moulded public sentiment until a law permitting local taxation for all classes of school expenditures, a law at one time declared unconstitutional, was passed a second time and sustained by the supreme court that had declared it unconstitutional." Thus out of the work and influence of the Common School Fund of Indiana has grown her present effective system of school support by local taxation.

It would be impossible to present even a most meager idea of the wonderful part the permanent common school funds have played in the public land states in providing and supporting free public schools. To do so would be to write the history of common schools in these states. Certain states admitted into the Union at a time when rate bills were still employed elsewhere, provided in their constitutions for a complete system of free schools ranging from

<sup>475</sup> Boutwell, Geo. S., *Report Mass. Board of Education*, 1859, p. 52.



elementary schools to a state university. The wages of teachers were placed on a sure basis. Frequently higher wages were paid than in the eastern states, thereby attracting to the West well-trained teachers. The office of school superintendent was provided for and supported. In a few years many of these systems have developed to a degree of efficiency which has not been attained in some eastern states where free schools have existed for over a century.

The history of permanent school funds bears ample witness to the power and need of a permanent school fund controlled by the state. Massachusetts, with the example of almost every one of the original states before her, took no measures for the establishment of a permanent school fund until 1834. It was only after Massachusetts was thoroughly convinced of the impossibility of organizing her schools into any efficient system that she established a permanent fund. Vermont established a permanent common school fund in 1825. Failure to appreciate this fund led to the loss of it. In 1904, nearly a century later, this state recognized her error and took steps which resulted in placing in the control of the state, funds previously intrusted to the towns, and in increasing this fund by nearly one-fourth of a million dollars.

The records of loss and mismanagement of permanent common school funds inevitably leads to the conclusion that an investigation into the actual condition of the school funds and lands should be conducted without delay in nearly every state. The question by whom this investigation should be undertaken should be most carefully considered. The writer's own experience in a state in the far west leads him to believe that if possible a federal rather than a state investigation should be made in every case. All attempts to learn the actual conditions in that state from the land office were ignored. At length he was sent for by one of the officers of the state university who told him that the land commissioner who had in charge the sale of the university lands as well as the common school lands had notified the university that unless the writer discontinued his efforts to secure information concerning

Conclusions.  
Needs



school lands, the land commissioner would refuse to have further dealings with the university. At the Teachers' State Association a committee appointed for the sake of investigating the condition of the Common School Fund reported that, owing to the sensitiveness of the land office, they had been able to secure no information and moved that the investigation be dropped. This sensitiveness on the part of the land commissioner was stated to be the result of harassing inquiries with which he was continually beset. Accepting this explanation, it would seem that the public at large, and certainly that portion of the public especially interested in the conduct of its school affairs, should have easy access to the records of the school land office.

A second conclusion to be reached as a result of this investigation is that township funds which are still maintained as independent funds should be made a part of the state fund. The excellent results of such a step have been clearly exemplified in the history of states where it has been done.

It seems evident, also, that in those states where a credit fund has been substituted, in part or in whole, in place of a fund whose revenue was originally a real contribution and a relief from taxation, some means should be taken to restore to the people the trust funds bequeathed by generations gone, and which have been diverted or borrowed by a subsequent generation. In the first chapter it was shown that the present importance of these funds, even in states where they contribute a relatively small portion of the public school moneys, is greater than is frequently realized.

Further, it appears that the method of apportioning the revenue of the permanent school fund calls for modification in a large majority of states. In the words of Professor Cubberley, "The state has been insistent in its demands and the burden of support is to-day greater than many communities can meet. With the maximum of taxation allowed by law they are unable to meet the minimum demands of the state."<sup>476</sup> The injustice of apportioning the income of the school funds according to school population has been realized by everyone who has made a study of its results.

<sup>476</sup> Cubberley, Elwood P., *School Funds and Their Apportionment*, p. 25.

It is, to say the least, much to be regretted that the mode of apportionment adopted by Connecticut in 1820, should continue to be employed by over thirty states under conditions almost totally different.

The need of the appointment of an officer to be intrusted with the investment and management of the permanent common school fund, has been discussed in Chapter V. It is believed that the appointment of such officers would result in saving to these funds thousands of dollars annually beyond the expense of supporting such officers and assistants. Texas, where about two hundred and seventy-five thousand dollars (\$275,000) was lost to the school fund in one year as the result of uncollected interest;<sup>477</sup> Wisconsin and Virginia, where thousands of dollars have been lost annually to the permanent school funds through failure to enforce laws relating to the collection of fines,—these states are examples of conditions which prevail, to a greater or less extent in other states and which might be remedied were one man appointed with salary and assistants sufficient to enable him to see that the moneys devoted by law to increase the principal of the school fund were collected and added to it.

Finally, the question may well be asked, Will not the time come when the creation of a federal permanent common school fund will be deemed desirable? Will not the vast difference in the principal and income of the permanent school funds possessed by different states result in inequalities of educational burdens and opportunities between states similar to inequalities which exist at present between townships of the same state? Is this condition not augured in the enormous prospective funds of several of the states, e. g., Texas, fifty-two million dollars; South Dakota, thirty-three million, North Dakota, twenty-eight million, Minnesota, one hundred and twenty-five million? \* Is not a federal fund even now desirable? Would not such a fund result in raising the wages and qualification of teachers in states where these are comparatively low? Would it not hasten the establishment of national standards of education and unify our state systems?

\* See foot-note 43, Chap. I.

<sup>477</sup> Report Texas Supt. of Public Instruction, 1899-1900, p. XLVII.



## PART II

A SUMMARY OF THE ORIGIN, PRESENT CONDITION,  
AND ADMINISTRATION OF THE FUND IN EACH STATE





## CHAPTER VIII

### ALABAMA

#### I. SIXTEENTH SECTION FUND—2. VALUELESS SIXTEENTH SECTION FUND—3. SCHOOL INDEMNITY LAND FUND—4. SURPLUS REVENUE FUND

The three titles, "Educational Fund," "School Fund," and "Public School Fund" are employed in the school laws and school reports of Alabama to include school revenues derived from taxation and permanent funds.<sup>1</sup> Alabama reports four permanent common school funds with principal and income as follows for the year 1905.<sup>3</sup>

#### FUNDS

<i>Official Title</i>	<i>Principal</i>	<i>Interest or Income</i>
Sixteenth Section Fund	\$1,959,623 <sup>3</sup>	\$117,577 <sup>3</sup>
School Indemnity Land Fund	105,495 <sup>3</sup>	6,329 <sup>3</sup>
Valueless Sixteenth Section Fund	97,091 <sup>3</sup>	5,825 <sup>3</sup>
Total	\$2,162,209 *	\$129,731 *
Surplus Revenue Fund	669,086 <sup>3</sup>	26,763 <sup>3</sup>
Total	\$2,831,295 *	\$156,494 *

It has seemed better to give the total fund excluding and then including the Surplus Revenue Fund in view of the fact that this fund, as explained in Part I of the present work, is, technically speaking, not a state permanent fund, but rather a loan from the United States made to the states in 1837. The total principal of

\* Computed.

<sup>1</sup> Report State Supt. of Education, 1897-98, pp. 58-59; Ibid., 1886, p. 7; Turner, J. O., *Public School Laws of the State of Ala.*, 1895, pp. 6-7.

<sup>3</sup> Data furnished, Jan. 8, 1907, by I. W. Hill, Ala. State Supt. of Education.

permanent funds reported in 1903 was \$2,135,313, yielding an income of \$155,882<sup>5</sup> (1904), approximately equal to twelve and forty-five hundredths per cent<sup>6</sup> of the common school revenue derived from all sources and to approximately nine and eight-tenths per cent\* of \$1,588,561,<sup>6</sup> the total common school revenue in 1905. These figures represent nominal rather than actual values. The true condition of these funds cannot be positively stated, as questions sent to state officials have been either ignored or else returned unanswered, but it seems safe to say that in reality scarcely any permanent fund exists, except a small amount of sixteenth section school lands which yield but a slight and doubtful revenue. In 1882 the State Superintendent of Education wrote, "It is erroneously supposed by many that the interest accruing on the Sixteenth Sections, valueless Sixteenth Sections and the United States Surplus Revenue funds (are) the result of a prudent investment of the capital of these funds, . . . in reality they have no existence except upon the books of the State. . . . The State became the trustee and her debt long since absorbed them."<sup>6</sup> Elsewhere we are told that the capital of the school land fund "may be theoretically placed in 1875 at \$2,449,000." The \$669,086 surplus revenue was lost in the failure of the state bank in which it was deposited and "in 1848 it was considered doubtful whether the university and school funds and the surplus revenue would ever be realized as the bank had failed." The state recognizes the interest due on the surplus revenue at four per cent; also that due on the proceeds of public land sales at six per cent.<sup>7</sup> The Vermont Special Commission on Permanent Common School Funds states (see report of the same, p. 5), "that the six per cent interest on Sixteenth Section Lands and other land funds amounts to \$160,000 annually."

Alabama originally was a part of the Mississippi Territory. June 16, 1802, the legislature of Georgia ratified articles of agree-

\* Computed.

<sup>5</sup> Ibid., LXXIV.

<sup>6</sup> Ibid., LXXV; Ibid., 1906, I, p. 306.

<sup>7</sup> Ibid., 1896-97, Chap. XII, p. 650.

ment entered into April 24, 1802, by the Commissioners of Georgia and the United States by which Georgia ceded to the United

States all right, title, and claim to her territory west  
 Origin of the Chattahoochee river.<sup>8</sup> March 3, 1803,

Congress in an act regulating the disposal of the lands acquired from Georgia west of the Chattahoochee river, constituting the Mississippi Territory, reserved from sale section sixteen in each township for school purposes, and thirty-six sections, or one township, for the use of Jefferson College. Alabama was admitted to the Union in 1819. Article VI of the first constitution of Alabama adopted December 14, 1819, provided that "the General Assembly shall take measures to preserve from unnecessary waste or damage such lands as are or hereafter may be granted by the United States for the use of schools within each township in this state, and apply the funds, which may be raised from such lands, in strict conformity to the object of such grant."<sup>10a</sup> Provision for the establishment of a permanent common school fund was not made until over eight years later. By an act approved January 15, 1828, Alabama set aside 901,725<sup>9</sup> acres of sixteenth section lands granted by Congress, March 3, 1803.<sup>10</sup> This was the first definite provision made. Provision was made for the sale of these lands, the proceeds to be paid into the state treasury, the state becoming trustee and liable to pay to the districts and townships interest on the principal at the rate of six per cent.<sup>2</sup>

On December 16, 1836, Alabama accepted \$669,089 from the federal Government, the state's share of United States Surplus Revenue, distributed in accordance with an act passed by Congress, June 23, 1836. The money was deposited in various banks and the interest used for a time to form part of the annual appropriation for supporting schools. It would appear that prior to 1854 the principal had been lost through bank failures or had been used for

<sup>2</sup> Laws, 1828, Chap. 26; Aikin's *Ala. Digest*, 1836, p. 379, Sec. 38.

<sup>8</sup> W. G. Clark, *History of Education in Ala.*, U. S. Bureau Education, Circular of Information, 1889, No. 3, p. 218; Land Laws, Vol. I, pp. 588-591.

<sup>9</sup> State Grants of Public Lands, Mar. 12, 1896, p. 4, Tables General Land Office.

<sup>10</sup> Report U. S. Commissioner of Education, 1892-93, II, p. 1283.

<sup>10a</sup> *Ibid.*, p. 1321.

state expenses. In 1854, however, it was declared to be a part of the educational fund and since that time the state has paid interest upon the total amount originally received. The interest is all derived from moneys raised by taxation and cannot be regarded as in any way income from surplus revenue deposit.<sup>10b</sup>

Prior to 1854 the income from the interest on the proceeds of the sales of the sixteenth section lands was paid to the respective townships in which these lands lay. In 1854 an act was passed (approved by the Governor, Feb. 15, 1854), which provided for an "educational fund" to consist of (1) interest on the surplus revenue loan of 1836; (2) eight per cent on the proceeds of the sales of public lands granted in lieu of certain valueless school lands in 1848; (3) six per cent on the proceeds of the sales of sixteenth section lands; (4) \$100,000 paid by the state; (5) several minor appropriations.<sup>10c</sup>

The educational fund in 1855 was composed as follows:<sup>10d</sup>

Interest on the Sixteenth Section Fund (value of lands sold and proceeds paid into the state treasury, \$1,244,793.36) . . . . .		\$ 74,687.60
Interest on valueless Sixteenth Section Fund . . . . .		7,767.30
Interest on United States Deposit Fund . . . . .		53,526.94
Direct appropriation from treasury . . . . .		100,000.00
Special taxes . . . . .		1,300.00
Escheated property . . . . .		233.55
Total . . . . .		<hr/> \$237,515.39

At the end of the year 1869 the state had diverted \$187,872.<sup>11</sup> At the end of the year 1873<sup>11</sup> the state had diverted \$1,260,511. In 1873 the total state apportionment for educational purposes was \$522,810. The total amount actually paid out of the state treasury, i. e., the amount not diverted, was \$68,313.<sup>11</sup> Every dollar of the educational fund, except the annual receipts from the sale of school lands, is now directly derived from the revenue of the state.<sup>6</sup> Both the Sixteenth Section

<sup>10b</sup> Bourne, E. G., *History of the Surplus Revenue of 1837*, pp. 44-47. See also Part I, Chap. III.

<sup>10c</sup> Report State Supt. of Education, 1899-1900, I, p. 488.

<sup>10d</sup> W. G. Clark, *History of Education in Ala.* (Cf. foot-note 8), p. 240.

<sup>11</sup> Report U. S. Commissioner of Education, 1874, p. 5.

Fund and the Surplus Revenue Fund have been lost or misappropriated. The interest which the state continues to pay on the lost Sixteenth Section and Surplus Revenue Funds really amounts to nothing more or less than paying a tax.<sup>11a</sup>

Many notes given for school lands, 1837 to 1874, inclusive, remained unpaid. In some cases the sixteenth section lands were surrendered to the townships, and have been occupied and cultivated for years, without having ever been paid for. In both of these cases the loss was due to the lack of proper legislation.<sup>12</sup> The loss has frequently been due to the failure of properly recording the sale and title of the school lands. "Much of the time of this department is consumed in investigating . . . records relating to the sixteenth section lands. Little evidence can be found regarding the sale of school lands. It is impossible to tell in many cases what sub-divisions were sold, because trustees reported by lots instead of sub-divisions of sections, and frequently no date of purchase is recorded. Parties who claim to have purchased these lands before the war from the state or from those who originally purchased the same, are continually applying for patents, and in order to issue the same secondary evidence has to be relied on."<sup>13</sup>

The only present means by which the principal of the permanent school fund may be increased are the proceeds of sales of sixteenth section lands remaining unsold after the Civil War.<sup>14</sup> The principal of the sixteenth section funds was increased, 1870-84, by \$66,562 derived from the sales of sixteenth section lands.<sup>14</sup>

The proceeds of sixteenth section lands are held in trust by the state, which pays to the district or township from which such proceeds were received six per cent interest on the money thus held in trust.<sup>15</sup> The state school revenue is distributed among

<sup>11a</sup> Report Ala. State Supt. of Education, 1882, p. 7, taken from Bourne, E. G.

<sup>12</sup> Report State Supt. of Education, 1879, p. 9.

<sup>13</sup> Ibid., 1891, p. 7.

<sup>14</sup> Report State Supt. of Education, 1884, p. 13.

<sup>15</sup> Ala. School Laws, 1895, Chap. 4, Sec. 1007.



the districts on the basis of school population, the school age being seven to twenty-one years.<sup>16</sup> The constitution provides that "not more than four per cent of all moneys raised or appropriated for the support of public schools shall be expended otherwise than for teachers' wages; provided that the General Assembly may by two-thirds vote suspend the operation of this section."<sup>17</sup>

No conditions which need to be fulfilled by the districts in order to participate in the educational fund are stated in the School Laws compiled in 1895. When township or district trustees fail to make a return of the census enumeration required by law, the state superintendent is required to make the apportionment according to the returns last received.<sup>18</sup>

<sup>16</sup> Ibid., Sec. 1008, and Const., Art. XIII, Sec. 1.

<sup>17</sup> Constitution, 1875, Art. XIII, Sec. 6; Turner, O. J., *Public School Laws of the State of Ala.*, 1895, p. 4.

<sup>18</sup> Turner, O. J., *School Laws*, 1895, Sec. 1008.

## CHAPTER IX

### ALASKA

In 1885 provision was made for the establishment of public schools in Alaska.<sup>19</sup> Alaska possesses no permanent common school fund nor has Congress ever set aside any school lands,<sup>20</sup> but has made annual appropriations for the support of public schools as follows: 1886, \$15,000; 1901, \$30,000;<sup>21</sup> 1905, \$50,000.<sup>22</sup>

<sup>19</sup> U. S. Bureau of Education, Circular of Information, 1887, No. 3, p. 194.

<sup>20</sup> Private letter received from E. E. Brown, U. S. Commissioner of Education, Aug. 9, 1906.

<sup>21</sup> Report U. S. Commissioner of Education, 1902, II, p. 1237. (Gives table of appropriations, 1886-1901.)

<sup>22</sup> Statement of the U. S. Commissioner of Education for the year ending June 30, 1905, pp. 16, 27, 33.

## CHAPTER X

### ARIZONA

On May 26, 1861, Congress reserved in each township of Arizona for the support of common schools sections numbered sixteen and thirty-six to be granted to Arizona whenever she shall become a state.<sup>10</sup> The estimated area of these lands amounts to 4,050,347 acres.<sup>10</sup> Arizona thus possesses the foundation of what promises to be some day a vast permanent common school fund. Congress made no provision for the sale of these school lands and none of them can be sold until Arizona becomes a state without some special provision by Congress.<sup>23</sup> Some school lands are rented, however, but the amount they contribute annually to the support of schools is relatively small, being \$5,800.56<sup>24</sup> for the year 1905-06, approximately one and two-tenths per cent (.0118) † of \$489,709.20,† the total common school revenue derived as follows:<sup>24</sup>

#### Sources of School Revenue, 1905-1906

Territorial taxes, . . . . .	\$ 41,006.00
County taxes, . . . . .	255,237.92
School (Poll) taxes, . . . . .	74,818.78
Gambling licenses, . . . . .	67,867.08
Fines, forfeitures, . . . . .	14,362.68
Special taxes for maintaining schools, .	19,747.39
Miscellaneous sources, . . . . .	16,669.35
Total, . . . . .	<hr/> \$489,709.20

† Computed.

<sup>23</sup> Report U. S. Commissioner of Education, 1875, p. 468; Ibid., 1886-87, p. 112.

<sup>24</sup> Data furnished Sept. 1, 1906, by R. L. Long, Arizona Territorial Supt.

The terms territorial school fund and county school fund have been used from earliest times to denote the total sums raised for school purposes by taxes upon the territorial and several county treasuries.<sup>25</sup> The rate of county school tax differs in different counties. The rate of territorial school tax, 1905, was three cents on the hundred dollars.<sup>24</sup>

<sup>25</sup> Report U. S. Commissioner of Education, 1882-83, p. 283.

## CHAPTER XI

### ARKANSAS

#### PERMANENT SCHOOL FUND

Permanent School Fund<sup>26</sup> is the official title of the Permanent Common School Fund of Arkansas. The term "common school fund" is applied officially to a fluctuating sum composed as follows: (1) interest on the Permanent School Fund; (2) ten per cent on the sales of all state lands; (3) future sales of sixteenth section lands; (4) two mill state school tax; (5) various small items. This amounts to nearly \$500,000 annually.<sup>26</sup> This is a loose use of the term "common school fund." The principal of the Permanent School Fund is chiefly "invested" in, or it would be better to say represented by, three per cent state bonds. "The state uses the money making it (the fund) practically a state debt."<sup>27</sup> The final payment of the bonds is "dependent upon the will of the state."<sup>27</sup> In 1905 the principal of the Permanent School Fund amounted to \$1,128,500.<sup>27</sup> The report of the United States Commissioner of Education (see report 1903, also 1905, p. 410) gives the income from the permanent fund as zero, an obvious error. The annual interest on the Permanent School Fund in 1905 was \$32,855<sup>27</sup> which is approximately one and six-tenths per cent (.0160)\* of \$2,041,935,<sup>27a</sup> the total annual common school revenue, excluding balances on hand and proceeds of bond sale.<sup>27a</sup>

Upon her admission into the Union in 1836, Arkansas received from the United States the sixteenth section in each township, the same being granted for the use of common schools. The total

\* Computed.

<sup>26</sup> Report Ark. State Supt. of Public Instruction, 1899-1900, p. 28.

<sup>27</sup> Statement, Sept. 7, 1906, from J. H. Hinemon, Ark. State Supt. of Public Instruction.

<sup>27a</sup> Report U. S. Commissioner of Education, 1905, I, p. 140.



area of these sixteenth section lands amounted to 928,057 acres.<sup>9</sup> No provision was made by the state's first constitution for the establishment of a permanent fund from the proceeds of the sales of these lands or from any other source, but on October 18, 1836, Arkansas accepted by terms of an act known as the "Ordinance and Acceptance Compact" propositions offered by Congress on June 23, 1836, which devoted the sixteenth section lands to common schools.<sup>28</sup> On February 3, 1843, an act was passed providing for the sale of the sixteenth section lands, thus completing the provisions establishing the sixteenth section fund.

As the result of the Act passed by Congress on June 23, 1836, providing for the distribution of the surplus revenue remaining in the treasury January 1, 1837, Arkansas received from the federal government \$286,751.48. The entire sum was used to furnish about one-half the capital of the Bank of the State of Arkansas. The law provided that the interest should be devoted to support schools. But the law remained a dead letter and the principal was exhausted in general appropriations.<sup>27b</sup>

The fund one time known officially as the Common School Fund<sup>29</sup> was first established by constitution, 1868, article IX, section 4,<sup>30</sup> supplemented by section I of an act passed July 23, 1868, entitled "An Act to Establish and Maintain a System of Free Schools." The original capital consisted of 46,080 acres of land, "seventy-two sections originally granted by Congress for a state seminary of learning," but devoted by the legislature in 1846 to the support of free schools.<sup>28</sup> It was further provided that the capital should consist of all lands that have been or may be granted by the United States to this state and not otherwise appropriated, all moneys, stocks, bonds, lands and other property belonging to any fund for the purpose of education. The present Permanent (common) School Fund was established by an act

<sup>27b</sup> Bourne, E. G., *History of the Surplus Revenue of 1837*, pp. 47-50, 122. See also Part I, Chap. III.

<sup>28</sup> Report Ark. State Supt. of Public Instruction, 1888, pp. 43, 44.

<sup>29</sup> Act Mar. 15, 1897; Ark. Digest School Laws, 1905, p. 3.

<sup>30</sup> Report U. S. Commissioner of Education, 1892-93, II, p. 1361.



Insufficient legislation was the third cause. Act of December 7, 1875, provided that ten per cent of the net proceeds of the sales of all state lands should be added to the principal of the Permanent School Fund, but failed to state who should have charge of it, whether the land commissioner or state treasurer. Probably through the neglect of this statute there was lost to the Common School Fund, 1875 to 1895, \$50,000.<sup>34</sup> In the years 1874 and 1879 something over \$179,000 belonging to the permanent school fund was destroyed by fire.<sup>35</sup> "So complete (has) been the ruin of the original land grants to the nation, that in 1870 the permanent income from this source was but \$35,192 while a careful administration of this patrimony would probably have yielded a state school fund of two or possibly three million dollars (with interest of \$180,000)." <sup>36</sup>

The principal of the Permanent School Fund may be increased from seven sources: (1) the proceeds of all lands granted by the United States not otherwise appropriated. Arkansas received 500,000 acres of lands for internal improvement, two or three million acres for reclaiming swamp lands and 50,000 acres of saline lands. None of these except the saline lands have been devoted to increasing the principal of the Permanent School Fund; <sup>27</sup> (2) all moneys, stocks, bonds, lands and other property now belonging to any fund for the purpose of education; (3) the net proceeds of all sales of lands and other property escheating to the state; (4) the proceeds from sales of estrays; (5) proceeds of income dividends or shares in intestate estates; (6) ten per cent of the net proceeds of sales of all state lands; the following when not otherwise appropriated: (7) grants; (8) gifts, (9) or devises.<sup>29</sup>

The Permanent School Fund is managed by a Board of Commissioners consisting of the Secretary of State, the State Auditor, and the State Superintendent of Public Instruction.<sup>37</sup>

<sup>34</sup> Report Ark. State Supt. of Public Instruction, 1895-96, p. 171.

<sup>35</sup> Ibid., 1883-1884, p. 39.

<sup>36</sup> Report of the U. S. Commissioner of Education, 1901, I, p. 390.

<sup>37</sup> Ark. School Laws, 1905, p. 6, Secs. 7495, 7498.

The revenue of the Permanent School Fund is distributed by the State Superintendent of Public Instruction to the counties upon the basis of their school population.<sup>38</sup>

The revenue of the Permanent School Fund is combined with the state school mill tax and various other revenues.<sup>39</sup> The objects to which this combined revenue may be applied are not specified by law. It is merely provided that "it shall be faithfully appropriated for maintaining a system of free schools for this state and (for) no other purpose whatever." It may not be used for building or purchasing a school-house.<sup>27</sup>

"All school districts are entitled to a pro rata distribution of the Common School Fund whether they have a three months' school or not."<sup>27</sup>

<sup>38</sup> Ibid., p. 11, Sec. 7521.

<sup>39</sup> Ark. School Laws, 1901, Sec. 6936.

## CHAPTER XII

### CALIFORNIA

#### STATE SCHOOL FUND

The constitution and laws of California fail to provide specifically a title for the permanent common school fund, but both in

**Title.** referring to it call it the State School Fund.<sup>40</sup> The  
**Condition 1906** State Treasurer and State Controller regularly apply this same term to "the total current annual school revenue derived from all sources."<sup>41</sup> The term "fund" is employed officially by the State Department of Finance to designate a legally established division of moneys in the state treasury and not an invested sum of money.<sup>42</sup> The bond securities held by the State Treasurer constitute the invested portion of the school fund, and the moneys in the State School Land Fund are the portion awaiting investment. By adding the two amounts we ascertain the correct sum of the "perpetual fund" referred to in the constitution, the proceeds of which fund "shall be inviolably appropriated to the support of common schools throughout the State."<sup>43</sup> There are at present (1906) in California, about 400,000 acres of unsold school lands which belong to the Perpetual School Fund, the proceeds of the sale of which eventually will be added to the principal. The value of these lands cannot be estimated "but it is doubtful whether anyone would buy these lands as a whole at \$1.25 per acre."<sup>44</sup> Almost all these lands are "in the mountains, inaccessible, and of little value."<sup>41</sup> In 1906 the total principal of the fund amounted to \$5,263,834.42, of which \$526,834.42 was unin-

<sup>40</sup> Cal. School Laws, 1903, employ this as title to Art. IX, Sec. 4, of the constitution. See also Report State Supt. of Public Instruction, 1864-65, p. 249.

<sup>41</sup> Statement received from A. B. Nye, Cal. Controller, in letter dated Dec. 15, 1906.

<sup>42</sup> Ibid., letter Feb. 16, 1907.

<sup>43</sup> Controller Report, 1905-06, p. 24.

<sup>44</sup> Answers given in question are by A. B. Nye, Dec. 15, 1906.



vested, the remaining \$4,737,000 was invested in state, county, and municipal bonds. Of this, \$1,526,500 invested in six per cent State Funded Debt Bonds of 1873, is a debt owed by the state to itself, on which the state pays the interest out of state taxes.<sup>44</sup> As a result, this portion of the Perpetual School Fund, instead of decreasing the burden of the state tax, actually makes it heavier. Moreover, \$500,000 of the principal has been transferred to another fund for the purpose of erecting a state building in San Francisco. This sum is an indefinite loan on which the state pays four per cent. The annual income of the Perpetual School Fund for the year 1906 amounted to \$250,570.87,<sup>44</sup> which is approximately six per cent (.06) \* of \$4,142,914.50,<sup>44</sup> the total receipts for common schools that year.†

By the first constitution which California adopted and which became effective upon her admission into the Union, 1850, provision was made for a permanent or perpetual  
**Origin** common school fund, whose interest should be devoted to the support of common schools.<sup>45</sup> The nucleus of this fund as provided for by the constitution of 1850 was 500,000 acres of land granted by act of Congress in 1841.<sup>46</sup> At the same time 5,610,702 acres<sup>9</sup> of sixteenth and thirty-sixth section lands were to a slight extent sources of school revenue, but these lands were at first regarded as belonging to the townships, and not until 1861 were they made a part of the State Perpetual School Fund.<sup>47</sup>

Prior to the consolidation of the sixteenth and thirty-sixth section township funds with the state fund, the towns  
**Loss** sold some 50,000 acres of these lands, which, estimated at \$2.00 per acre should have added to the school fund \$100,000, but this money has never been heard of.<sup>48</sup> The report

\* Computed.

† The report of the United States Commissioner of Education for 1905, p. 410, gives the total school revenue as \$9,270,859. This amount may include sums not devoted to common schools or else the amount given by the controller is incorrect.

<sup>45</sup> Cal. Constitution, Art. IX, Sec. 2.

<sup>46</sup> *U. S. Statutes at Large*, Vol. V, p. 455, Chap. 16, Secs. 8, 9.

<sup>47</sup> Cal. State Supt. of Public Instruction Report, 1864-65, p. 249.

<sup>48</sup> *Ibid.*, p. 241.

of the Superintendent of Public Instruction for 1858 estimates that of the 5,525,760 acres to which the schools are entitled by law, only 114,880 acres had survived loss or diversion, "to such pigmy proportions has our magnificent domain dwindled."<sup>48</sup> If we estimate the 7,219,324 acres originally set aside for common schools at \$1.25 per acre, a low estimate, it would give a capital of \$9,024,155. Comparing this with the present capital, we see that the lowest estimate of the loss would be over \$6,000,000 and with proper management the fund would have without doubt yielded \$20,000,000.

The constitution provides five sources from which the principal of the State School Fund may be increased: proceeds of (1) the unsold portions of the 500,000 acres of land granted by Congress, 1841; (2) sales of sixteenth and thirty-sixth section lands; (3) intestate estates; (4) rental of unsold school lands; (5) such per cent (five) as may be or has been granted by Congress on the sale of public lands lying within the state.<sup>49</sup> An act of Congress approved June 27, 1906, provided that California should receive payment of five per cent of the proceeds of public land sales extending over a score of years. "The exact amount involved is not yet known, but it is believed that it will approach one million dollars, and the entire sum, under the requirements of our Constitution must be added to the permanent fund which is invested for the support of the common schools. Within two months after the approval of the act warrants amounting to \$428,271.61 had been drawn to the credit of the state."<sup>49a</sup> Upon the completion of the payment there should be a perpetual fund of over \$6,000,000.<sup>49b</sup>

The State Controller keeps a separate account of the School Fund and of its revenue, and twice a year reports it to the Superintendent of Public Instruction. The Controller draws his warrant on the State Treasurer, which must be indorsed by the Superintendent of Public Instruction.<sup>50</sup>

<sup>48</sup> Cal. Constitution, 1879, Art. IX, Sec. 4.

<sup>49a</sup> Controller's Report, 1905-06, pp. 28-29.

<sup>49b</sup> Ibid., p. 24.

<sup>50</sup> Cal. School Laws, 1901, Sec. 435.

The revenue is apportioned by the Superintendent of Public Instruction among the several counties upon the basis of school population, but according to a somewhat complex method of procedure. The State Superintendent of Public Instruction "shall apportion to every county and to every city and county two hundred fifty dollars (\$250.00) for every teacher determined and assigned to it on school census by the county or city and county school superintendent for the next preceding school year, as required by the county or city and county school superintendent by the provisions of section 1858 of this code, and after thus apportioning two hundred fifty dollars on teacher or census basis he shall apportion the balance of the state school fund to the several counties or cities and counties according to their average daily attendance as shown by the report of the county or city and county school superintendents for the next preceding school year."<sup>51</sup>, <sup>51a</sup> The county or city and county superintendent estimates the number of teachers in each district by calculating one for every district having seventy or less than seventy census children (five to seventeen years) and one additional teacher for every additional seventy children or fraction of seventy not less than twenty. "And in cities or districts wherein separate classes are established for the instruction of the deaf . . . an additional teacher for each nine deaf children, or fraction of such number not less than five, actually attending such classes (children in asylums and not attending public schools cannot be counted in making the estimate of the number of teachers to which the district in which asylum is located is entitled); the county superintendent must then report the number of teachers thus estimated to the Superintendent of Public Instruction."

The total county and state school revenue derived from all sources is apportioned as follows: \$500 is apportioned to every district for every teacher so allowed to it, except that to districts having over seventy or a multiple of seventy school census children

<sup>51</sup> Ibid., 1903, p. 102, Sec. 1858.

<sup>51a</sup> Laws Cal., Chap. 185, Mar. 18, 1905, amending Sec. 1532, Political Code, 1903; E. C. Elliot, Bu. Ed., Bulletin No. 3, 1906, p. 47.

and a fraction of less than twenty census children there shall be apportioned \$25.00 for each census child in said fraction. "All school moneys remaining on hand after apportioning to the districts the moneys provided for in subdivision three of this section, must be apportioned to the several districts in proportion to the average daily attendance in each district during the preceding school year." (Here follows special mode of estimating average daily attendance for newly formed school districts.) "Census children . . . shall be construed to mean those between the ages of five and seventeen years."<sup>51b</sup>

All state school moneys, except the ten per cent reserved (in rural districts) for school library purposes, must be applied exclusively to the payment of teachers of primary and grammar schools. The library fund in rural districts consists of not less than five nor more than ten per cent of the county school fund annually apportioned to the districts.<sup>52</sup>

In order to share in the revenue of the State School Fund, a district must maintain for not less than six months a public school taught by a teacher holding a legal certificate.<sup>53</sup>

**Present Conditions  
for Participation**

<sup>51b</sup> Laws Cal., Chap. 64, Mar. 6, 1905, amending Sec. 1858, Political Code, 1903, pp. 46-47; E. C. Elliot, Bu. Ed., Bulletin No. 3, 1906.

<sup>52</sup> Cal. School Laws, 1903, p. 83, Sec. 1713.

<sup>53</sup> Ibid., p. 104, Secs. 1859, 1860.

## CHAPTER XIII

### COLORADO

#### PUBLIC SCHOOL FUND \*

The permanent common school fund of Colorado, officially known as the Public School Fund <sup>54</sup> consists (January 1, 1906) of

<b>Title.</b>	\$1,408,322.50; the annual revenue of which added
<b>Condition 1906</b>	to the rent on unsold school lands belonging to

this fund amounts to \$220,896.44, which is approximately four and ninety-seven hundredths per cent (.0497) of \$4,438,030, the total common school revenue derived from all sources.<sup>54a</sup> The invested fund represents not more than one-twelfth of the prospective capital:—1,568,530.42 acres of unleased land of an estimated value of \$5,487,856.47 and 1,993,041.40 acres of leased land with an estimated value of \$9,965,207 to make a total of \$15,453,063.47 to be added to the present capital. The total invested and estimated capital (\$1,408,322.50 plus \$15,453,063.47) amounts to \$16,861,385.97.

Upon her admission into the Union, Colorado received from the United States for the support of common schools the sixteenth and

<b>Origin</b>	thirty-sixth sections in each township, amounting
	in all to 3,650,000 acres. <sup>55</sup> The first constitution,

adopted August 1, 1876, upon her admission as a state, and which has remained unchanged, provided that "The Public School Fund of the state shall consist of the proceeds of such lands as have

\* For this account I am indebted to Katherine L. Craig, State Supt. of Public Instruction of Colorado, who is authority for all data unless otherwise stated.

<sup>54</sup> Colo. Constitution, 1876, Art. IX, Secs. 3, 5; Report U. S. Commissioner of Education, 1892-93, II, p. 1383.

<sup>54a</sup> Report U. S. Commissioner of Education, 1906, I, p. 306.

<sup>55</sup> The U. S. General Land Office (for reference see note 9) makes this 3,715,555, but this is evidently an estimate, not an exact measurement. In many cases the acreage reported in these tables is too large; 3,650,000 acres is the area invariably given in Colorado reports (see Report State Supt. of Public Instruction, 1901-02, p. 18). Superintendent Craig wrote 3,561,572, but this is the present total unsold acreage.



heretofore or may hereafter be granted to the state by the general government for educational purposes." <sup>54</sup>

Four hundred eighty-eight thousand, six hundred thirty-three dollars and forty-four cents of the School Fund derived from the sale of school lands was invested in the so-called **Loss** "excess warrants" of 1887, 1888, and 1889, which, with interest, would now (1906) amount to over \$1,000,000. Since that time the state has redeemed about \$25,000 of these warrants, and the investment without interest now represents \$463,765.77. The state has twice repudiated this indebtedness, and the warrants cannot be paid until some time in the future when a constitutional amendment shall be adopted.

The constitution of 1876 in the section already referred to, provided five possible sources of increasing the principal: <sup>54</sup> (1) All **Sources of Increase** estates escheating to the state; (2) all grants, (3) gifts, or (4) devises made to the state for educational purposes; (5) proceeds of all lands granted to the state for educational purposes by the United States. The only sources that have actually contributed anything up to the present time are the proceeds of the sales of sixteenth and thirty-sixth section lands.

The State Treasurer is the custodian of this fund. <sup>54</sup> The revenue is apportioned by the Superintendent of Public Instruction among **Management. Apportionment** the counties on the basis of the total school population (six to twenty-one years). <sup>56</sup>

The Public School Fund revenue must be used for the maintenance of the schools of the state. <sup>54</sup> The law permits its use for **Objects** all objects of school expenditure except erecting, repairing, and furnishing school-houses and the purchasing of school lots. <sup>57</sup>

This of course leaves the greater part of it for teachers' wages. The only requirement which a school district must fulfil in order **Requisitions for Participation** to receive its quota of the Public School Fund revenue is that it maintain a public school for at least three months during the school year. <sup>58</sup>

<sup>56</sup> Colo. School Laws, 1897, p. 16, Sec. 11.

<sup>57</sup> Ibid., p. 57, Sec. 71.

<sup>58</sup> Ibid., 1900, Sec. 75.

## CHAPTER XIV

### HISTORY OF THE SCHOOL FUND OF CONNECTICUT

No state permanent school fund has a more interesting history or is more worthy of study than that of Connecticut. Peculiar interest must always be attached to this fund in  
**Introduction** view of the fact that Connecticut was the first state to establish a permanent state fund for the benefit of common schools. New York had taken the first step towards the establishment of her Literary Fund in 1786, but this fund was devoted to secondary not elementary schools, and it was not until 1805 that she established her Common School Fund. Maine did not create her Permanent School Fund until 1828; New Hampshire her Common School Fund until 1867, Massachusetts her School Fund until 1834. Furthermore, Connecticut began distributing the income from her School Fund in 1799 whereas the first distribution of New York's Common School Fund was not made until 1815. By the Ordinance of 1785 and the resulting contracts of sale of public lands made in 1787, the federal Government had reserved for schools in its western lands one section out of every thirty-six, yet it was years before any permanent funds were established from the proceeds of these reservations. Those who established the Connecticut School Fund planned that its income would be sufficient to support the common schools of the state. From 1821 to 1854, all taxation for schools was practically discontinued. The result was a decline of the school system as soon as the School Fund began to contribute its revenue. The experience for which Connecticut paid dearly, guided and warned others, at the same time that her example inspired them.

The Connecticut permanent common school fund, officially known as the School Fund,<sup>59</sup> consists in 1905 of a permanent

<sup>59</sup> Conn. Constitution, Art. VIII, Sec. 2.

invested inviolable principal of \$2,022,502.23,<sup>60</sup> yielding an annual revenue of \$109,579.<sup>60</sup> In 1902 approximately three and two-tenths per cent (.032)<sup>61</sup> of \$3,443,944, the total Title. Condition 1905 state public school revenue, was derived from the income of the School Fund.

The charter of Connecticut given by Charles II, King of England, in 1662, "conveyed to the 'Governour and Company of the English Collony of Connecticut, in New England in Connecticut School Fund Origin \* America' " land which included parts of Rhode Island, New York, New Jersey, and all west of New Jersey between north latitude 41° and 42° and 2' to the Pacific Ocean.<sup>61a</sup>

Original Extent of Western Lands Claimed by Conn., 1662 By virtue of this charter, Connecticut in 1663-64 claimed jurisdiction over the towns of Wickford, Rhode Island, and Westchester, New York, to the Hudson river, and most of Long Island, but these claims were soon given up, and the Pawcatuck river was agreed upon with Rhode Island as a boundary line. The parts of New York and New Jersey included by the Claims in New York and New Jersey Ceded charter of 1662 had been previously granted under Plymouth Charter, 1620, and therefore could not be claimed by Connecticut. All lands west of the Delaware river had never been granted to any one, and therefore belonged to Connecticut.

In 1681 Charles II gave to William Penn the charter of Pennsylvania, covering the present state of Pennsylvania. The northern part of this had been already given to Connecticut. Connecticut asserted her claim to this land. "Settlers from Windham County, Conn., began to migrate to the Wyoming Valley while the French and Indian War was in progress, but permanent settlements were not effected until about 1769. These operations were conducted principally under the auspices of the Susquehanna Company,

\* For an account of the sources from which moneys for schools were derived prior to the creation of the School Fund and for a description of the evolution of policy which brought about the creation of this fund consult Chapter II.

<sup>60</sup> Conn. School Fund Commissioner's Report, 1905, pp. 12-13.

<sup>61</sup> Report Conn. Board of Education, 1903, p. 47.

<sup>61a</sup> Report Conn. Board of Education, 1876, p. 108.

which was at first a private affair, but was afterwards incorporated and protected by the State.” <sup>61b</sup>

From 1774 to 1782, “the settlers on the Susquehanna sent their representatives to the Connecticut legislature, received officers appointed by that body, established schools and paid taxes precisely like other citizens in Connecticut.” <sup>61c</sup> In 1782 a Court of Commissioners appointed by Congress to arbitrate the Connecticut-Pennsylvania land case rendered the following decision: “We are unanimously of opinion, that the state of Connecticut has no right to the lands in controversy. We are also unanimously of opinion, that the jurisdiction and pre-emption of all the territory lying within the charter boundary of Pennsylvania, and now claimed by the state of Connecticut, do of right belong to the state of Pennsylvania.” <sup>61d</sup>

Connecticut still owned the land west of Pennsylvania, a narrow strip seventy miles wide but extending through forty-four degrees of longitude or nearly one-eighth of the circumference of the earth. But in May, 1786, acting upon the repeated suggestions of Congress to the colonies owning western lands, the General Assembly of Connecticut authorized her delegates in Congress, “or any two of them to convey to the United States all (of Connecticut’s) lands lying west a line parallel to and 120 miles distant from the western line of the State of Pennsylvania.” <sup>61e</sup>

Connecticut reserved for her own use the lands lying between the western boundary line of Pennsylvania and the ceded territory. The area of the section of land thus reserved was about three million three hundred thousand acres.<sup>63</sup> It was known variously as the “Western Reserve,” “Connecticut Western Reserve,” and “New Connecticut.” <sup>61f</sup> It lay in what is now the northeastern

Connecticut  
Reserves for  
Herself Western  
Reserve.—Area of  
Western Reserve

<sup>61b</sup> Hinsdale, B. A., *Documents Illustrative of Educational History*, Report U. S. Commissioner of Education, 1892-93, p. 1265.

<sup>61c</sup> Report Conn. Board of Education, 1876, p. 108.

<sup>61d</sup> *Journals of Congress*, VIII, pp. 83-84.

<sup>61f</sup> Report Conn. Board of Education, 1876, p. 106.

<sup>63</sup> Report Conn. Board of Education, 1853, p. 69.

corner of Ohio and was bounded on the north by the international boundary (Lake Erie); on the east by Pennsylvania; on the south by parallel 41° north latitude; on the west by a line parallel to the western boundary of Pennsylvania and one hundred and twenty miles from it.<sup>61e</sup>

In October, 1786, an act was passed authorizing the sale of a portion of this land, with the result that 24,000 acres were sold to Gen. S. H. Parsons.<sup>61g</sup> By the conditions of this act, 500 acres of good land were given in every town five miles square to the public for the support of the gospel ministry, 500 acres for the support of schools, and 240 acres in fee simple to the first gospel minister who should settle in the town.<sup>61h</sup> This reserving of township lands for schools and the ministry was not without precedent in Connecticut.

**Efforts to Sell  
Connecticut Reserve**  
  
**First Sale 24,000  
Acres, 1786.  
Ministerial and  
School  
Reservations**

In 1792 Connecticut made her second disposition of Western Reserve lands; 500,000 acres of land now lying chiefly in the counties of Erie and Huron, Ohio, were given to the citizens of eight enumerated Connecticut towns, who had suffered loss from the depredations of the British during the Revolution.<sup>61i</sup>

**Second Disposi-  
tion of Western  
Reserve, 1792**

In 1793 the General Assembly appointed a committee of eight persons whom it empowered to sell the remainder of the Western Reserve on certain specified terms.<sup>61h</sup> The act passed in 1793 reads as follows:

**First Effort to  
Create Perma-  
nent State  
Fund, 1793**

"An Act establishing funds for the support of the ministry and schools of education.

<sup>61e</sup> Hinsdale, B. A., *Documents Illustrative of American Educational History*, Report U. S. Commissioner of Education, 1892-93, p. 1256.

<sup>61g</sup> Hinsdale, B. A., *Documents Illustrative of American Educational History*, Report U. S. Commissioner of Education, 1892-93, p. 1257; citation taken from *Hist. Coll. Mahoning Valley*, Vol. I, pp. 149-151.

<sup>61h</sup> Id.

<sup>61i</sup> Report Conn. Board of Education, 1876, p. 109.



*"Be it enacted, etc.,* That the monies arising from the sale of the territory belonging to this State, lying west of the State of Pennsylvania, be, and the same is hereby, established a perpetual fund, the interest whereof is granted and shall be appropriated to the use and benefit of the several ecclesiastical societies, churches, or congregations of all denominations in this State, to be by them applied to the support of their respective ministers or preachers of the gospel and schools of education, under such rules and regulations as shall be adopted by this or some future session of the general assembly."

**Act of 1793**

"This act was not passed without strong opposition in the assembly. Its passage led at once to a widespread, spirited, and even acrimonious discussion, in which the press, the pulpit, the platform, the town meeting, and the legislature all participated."<sup>61j</sup>

**Act Attacked**

All controversy over the Act of 1793 was closed by an act passed by the Connecticut General Assembly May, 1795, entitled, "An Act appropriating the monies which shall arise from the sale of Western lands, belonging to this State." It reads as follows:<sup>61k</sup>

**School Fund  
Created by Act  
of the General  
Assembly of  
Connecticut, 1795**

*"Be it enacted by the Governor and Council and House of Representatives, in General Court assembled,* That the Principal Sum, which shall be received on the sale of the lands belonging to this State lying West of Pennsylvania, shall be, and remain a Perpetual Fund, for the Purposes hereafter mentioned in this Act, to be loaned or otherwise improved for such Purposes as the General Assembly shall direct; and the interest arising therefrom shall be and hereby is appropriated to the Support of Schools in the several Societies constituted, or which may be constituted by Law, within certain Local Bounds, within this State, to be kept according to the Provisions of Law, which shall from Time to Time be made, and to no other Use or Purpose, whatsoever, except in the Case, and under the Circumstances hereafter mentioned in this Act."

**Principal Sum  
to Remain a  
Perpetual Fund  
for the Support  
of Schools**

2. *"Be it further enacted,* That the said Interest as it shall become Due

<sup>61j</sup> Hinsdale, B. A., *Documents Illustrative of American Educational History*, Report U. S. Commissioner of Education, 1892-93, pp. 1257-59.

<sup>61k</sup> Quoted from Hudson and Goodwin, *Digest of Acts and Laws of Conn.*, 1805, pp. 31-33.

from Time to Time, shall be paid over to the said Societies, in their Capacity of School Societies, according to the List of Polls and Ratable Estate of such Societies respectively; who shall, when such Payment shall be made, have been last perfected."

3. "*Provided nevertheless, and be it further enacted*, That whenever such Society shall, pursuant to a vote of such Society, passed in a legal Meeting named for that Purpose only, in which Vote two-thirds of the legal voters present in such Meeting shall concur, apply to the General Assembly requesting Liberty to improve their Proportion of said Interest, or any Part thereof, for the Support of the Christian Ministry or the Public Worship of God, the General Assembly shall have full Power to grant such request during their Pleasure; and in case of any such grant, the School Society shall pay over the Amount so granted, to the Religious Societies, Churches or Congregations of all Denominations of Christians within its Limits, to be proportioned to such Societies, Churches or Congregations, according to the List of their respective Inhabitants or Members, who shall, when such Payment shall from Time to Time be made, have been last perfected; and in Case there shall be in such School Societies any Individuals composing a Part only of any such Religious Society, Church or Congregation, then the Proportion for such Individuals shall be paid to the Order of the Body to which they belong, by the rule aforesaid, and the monies for such individuals shall be discounted from their Ministerial Taxes, or Contributions, and in that way inure to their exclusive Benefit, and the Monies so paid over, shall be applied to the Purposes of the Grant, and to no other whatsoever."\*

4. "*Be it further enacted*, That if any Society, Church or Congregation shall apply any of the aforesaid Monies to any other Use or Purpose than those to which they shall or may have a right to apply them pursuant to this Act, such Society, Church or Congregation, shall forfeit and pay a Sum equal to that so misapplied, to the public Treasury of this State."

5. "*Be it further enacted*, That all Inhabitants living within the Limits of the located Societies, who by Law have or may have a right to Vote in Town Meetings, shall meet some time in the Month of October annually, in the way and manner prescribed in the Statute, entitled 'An Act for forming, ordering and Regulating Societies' and being so met shall exercise the Power given in and by said Act, in organizing themselves, and in appointing the necessary

\* Towns were permitted to levy a general tax "on their several inhabitants according to their respective list" for the support of the ministry, pp. 315-319, Conn. Digest, 1805.

Officers, as therein directed for the Year ensuing; and may transact any other Business on the Subject of Schooling in general, and touching the monies hereby appropriated to their use, in particular according to Law; and shall have power to adjourn from Time to Time as they shall think proper."

6. "*Be it further enacted*, That the Inhabitants or Members of the several Religious Societies, Churches or Congregations aforesaid, who have right by Law to Vote in their respective Meetings, on the Subject of the Ministry and the Public Worship of God, shall assemble themselves some time in the Month of December annually, or at such other time as they shall judge convenient, and may organize themselves and appoint the necessary Officers, as in said Act is directed, 'all in the way and manner therein prescribed, with Power to adjourn from Time to Time as they may think proper; and in any of their said Meetings they shall have Power to transact any Business relating to the Ministry and the Public Worship of God, according to Law; but shall have no Power to Act on the Subject of Schooling; any Law, Usage, or Custom to the contrary notwithstanding.'"

7. "*Be it further enacted*, That an act passed October, 1793, entitled, 'An Act for the establishing a fund for the support of the gospel ministry and schools of education' be, and the same is hereby, repealed."

The three provisions of this act which most concern us may be summarized as follows:

1. The principal arising from the sale of western lands to remain a perpetual fund, its interest to be appropriated to the support of schools in the several school societies.

2. The interest to be paid over to the said societies, in their capacity of school societies, according to the last perfected list of polls and ratable estate of such societies respectively.

3. Any society by a two-thirds vote could apply to the General Assembly to expend all or any part of its share of the School Fund revenue for the support of the Gospel ministry, and the Assembly could grant such permission.

"Managers of the funds arising in the sales of the Western Reserve" were appointed. The report of the managers presented to the legislature October, 1809, showed that the condition of the fund was very unsatisfactory.

"A large amount of interest was unpaid and the collateral

<sup>61</sup> Hinsdale, B. A., *The Common School Fund of Conn.* Report U. S. Commissioner of Education, 1892-93, p. 1260.

securities of the original debts were not safe.”<sup>61</sup> Upon a recommendation of a committee of the legislature it was decided to put the fund in the care of one man, and in 1810, Hon. Jas. H. Hillhouse, for sixteen years a United States senator, was appointed “Commissioner of the School Fund.” This office has continued from that time until the present. Mr. Hillhouse immediately resigned his position in the senate and entered upon the duties of his new office. He found that the capital consisted chiefly of the debts due from the original purchasers of the Western Reserve and the substituted securities which had been accepted in their stead. These securities had in the course of fifteen years, by death, insolvency, and otherwise, become involved in complicated difficulties. The interest had fallen greatly in arrears, and in many cases nearly equaled the principal. The debtors were dispersed in different states. Without a single litigated suit, or a dollar paid for counsel, he reduced the disordered management to an efficient system, disentangled its affairs from loose and embarrassed connections with personal securities and indebted estates, rendered it productive of a large, regular, and increasing dividend, and converted its doubtful claims into well-secured and solid capital. During the fifteen years of his administration the annual dividend averaged \$52,061.35, and the capital was augmented to \$1,719,434.24. The amount of the interest that he divided was \$780,920.24, which, added to the sum of \$456,757.44, previously divided, made an aggregate of \$1,237,677.68. The policy thus inaugurated by Mr. Hillhouse was continued by his successor, Hon. Seth P. Beers, who was appointed commissioner in 1825, and held the office till May, 1849, when he resigned. During his administration, by judicious sales and management of lands which came into his possession as forfeited securities, the capital of the fund was increased from \$1,719,434.24 to \$2,049,482.32; and the income from \$72,418.30 to \$133,366.50, being an average of \$97,815.15 per annum. From 1849 to 1859 there were six different commissioners, but no change followed in the management or prosperity of the fund—the productive capital of which, according to the report of Hon. Albert Sedgwick, dated April 16,



1859, amounted to \$2,043,372.01, yielding an income for the year of \$142,303.42, or \$1.30 for the benefit of each child in the state between the ages of four and sixteen. The entire income of the fund from 1799 to 1859 amounted to \$4,940,988.29, besides paying the expense of its management. "We know not in the whole history of public funds or trust estates," says Dr. Barnard, "another instance so creditable to the economy, fidelity, and practical judgment of the persons intrusted with its management for a period of sixty years."

The early changes in the custodianship of the School Fund bear witness to the recognition of the fact that it suffered severely

**Loss** from mismanagement made during the first years of its history.<sup>64</sup> As stated in the preceding paragraph, Hon. Jas. Hillhouse, appointed in 1810 the first Commissioner of the School Fund, found that the capital of the fund consisted chiefly of debts due from the original purchasers of the Western Reserve and the substituted securities which had been accepted in lieu of them. The debtors had scattered and were in different states, nevertheless Mr. Hillhouse succeeded in placing the fund in excellent condition. In 1820 the principal was reported to be \$1,858,074.33;<sup>65</sup> in 1825, \$1,719,434.24:<sup>66</sup> amount lost, \$138,640.09. Since 1828 the principal has gone on increasing gradually but steadily, and the management appears to have been not only above reproach, but eminently judicious.<sup>64</sup>

**Means of Increase** No sources for increasing the principal of the School Fund are provided at present, other than wise investment.

**Apportionment** The revenue of the School Fund is apportioned (1896) by the State Controller among the towns upon the basis of their school population<sup>65</sup> (4-16 years).

**Objects** Teachers' wages are the only legitimate object to which towns may apply their quota of the income of the School Fund.<sup>66</sup>

<sup>64</sup> Report Conn. Board of Education, 1876, p. 111; Report U. S. Commissioner of Education, 1892-93, p. 1260.

<sup>65</sup> Conn. School Laws, 1896, p. 69, Sec. 182.

<sup>66</sup> Ibid., Secs. 48, 182.



For participation in the school fund revenue, five conditions must be fulfilled: <sup>66</sup> (1) returns must be previously submitted; <sup>66a</sup>

**Requisitions for Participation** (2) a public school must have been maintained for not less than thirty-six weeks during the year; <sup>66b</sup>

(3) all moneys drawn from the public treasury must have been expended for teachers' wages only; <sup>66c</sup> (4) the school must be taught by a duly examined and approved teacher; <sup>66c</sup> (5) schools must be visited according to law. <sup>66c</sup>

### CONNECTICUT TOWN DEPOSIT FUND

Connecticut received \$764,670.60 <sup>67</sup> of the United States Surplus Revenue of 1837. In 1837 \$763,661.83 <sup>68</sup> was deposited by Connecticut with the towns to be loaned by them and became known as the Town Deposit Fund. Until 1855 three-fourths, and since 1855 the whole of the income of this fund was devoted to aid common schools. <sup>67</sup> The principal was reported in 1902 and 1905 <sup>67a</sup> to be \$754,972.34, <sup>68</sup> a decrease of \$8,698.26. The interest of the Town Deposit Fund for 1902 was \$28,086.35, <sup>68</sup> but "in most cases this interest exists on paper only and is not a substantial contribution to the support of schools." <sup>68</sup> Connecticut possesses many local permanent school funds, the aggregate principal of which in 1905 amounted to \$282,451.03, <sup>67a</sup> but these funds are entirely outside the scope of this present work.

<sup>66a</sup> Conn. Common School Laws, 1892, Chap. 12, Sec. 162.

<sup>66b</sup> Ibid., 1896, Secs. 48, 182.

<sup>66c</sup> Foot-notes 66<sup>a</sup> and 66<sup>b</sup>.

<sup>67</sup> Bourne, Edward G., *History of the Surplus Revenue of 1837*, pp. 50, 122.

<sup>67a</sup> Statement received Sept. 12, 1906, from Chas. D. Hine, Secretary Connecticut State Board of Education.

<sup>68</sup> Report Conn. Board of Education, 1903, p. 43. The same principal of the Town Deposit Fund is reported for 1905 as for 1902; it is safe to assume that the interest for the two years is the same.

## CHAPTER XV

### DELAWARE

#### PUBLIC SCHOOL FUND

The permanent common school fund of Delaware, officially known as the Public School Fund <sup>69</sup> has (1905-06) an invested principal of \$938,097 <sup>70</sup> yielding an annual revenue of \$54,303, <sup>71</sup> which is approximately ten and nine-tenths per cent of \$498,524, the total common school revenue for 1905. <sup>71a</sup> Of the principal, \$759,312 are invested in bank stock, <sup>72</sup> and the remainder, \$178,850, <sup>72</sup> in state bonds which are practically a permanent state debt upon which the state pays interest at six per cent. <sup>73</sup> Formerly this fund was known by the title of the School Fund, <sup>74</sup> but the term school fund is used to-day to include annual appropriations by the legislature for schools as well as the income of the Public School Fund. <sup>75</sup>

The Public School Fund was established by an act of legislature passed February 9, 1796. This act provided, "That the money paid into the State Treasury on account of marriage and tavern licenses between February 9, 1796, and January 1, 1806, be and is hereafter to be applied under the direction of the Legislature, for establishing schools in the state." The money thus accruing was directed to be put into shares of the Bank of Delaware, United States Bank, Pennsylvania Bank, or

<sup>69</sup> Constitution of Del., Art. X, Sec. 2; Hughes, J. H., *School Laws for the Free Public Schools of Delaware*, 1898, p. 3.

<sup>70</sup> Del. Treasurer's Report, 1905, p. 20.

<sup>71</sup> *Ibid.*, p. 23.

<sup>71a</sup> Report U. S. Commissioner of Education, 1906, I, pp. 306-307.

<sup>72</sup> Del. Treasurer's Report, 1905, p. 27.

<sup>73</sup> *Ibid.*, pp. 6, 8, and personal letter, Nov. 28, 1906, from Thos. N. Rawlins, Treasurer.

<sup>74</sup> Report U. S. Commissioner of Education, 1885-86, p. 71.

<sup>75</sup> Hughes, *School Law*, 1898, p. 38, Sec. 27. See footnote 69.

the North American Bank. "Subsequently the same (act) was modified by putting the residue arising from the sale of licenses, after paying the salaries of the judges and Chancellor, into the School Fund. A supplement was passed in 1806 to continue in full force the modified Act of 1796 until January 1, 1820."<sup>76</sup> Boone states that "no definite results came of" the legislation of 1796, and that "the present fund dates from 1837."<sup>77</sup> On the contrary, I find that by 1817 the School Fund had increased to an amount sufficient to permit the legislature to appropriate from its income, February, 1817, \$1,000 to each of the three counties of the state,<sup>76</sup> and in 1829 the principal amounted to \$158,160.15.<sup>78</sup> After 1829 the interest of this fund was annually distributed to the free schools of the state.<sup>78</sup>

Delaware accepted, January 16, 1837, \$286,751.49 as her share of the United States Surplus Revenue distributed in 1837.<sup>79</sup> This was invested by the state in much the same securities as those in which the principal of the Public School Fund had been invested. It was subsequently enacted that the revenue of this Surplus Revenue Fund should be equally divided among the three counties for the aid of free schools,<sup>79</sup> thus making it by investment and use practically a part of the Public School Fund.

Delaware, in the matter of preserving her Public School Fund, presents a bright contrast with many of the states. No accessible record bears evidence that any of the principal  
**Loss** has been either diverted or lost, with the exception noted above of the early diverting of a portion of the income to pay the salaries of the judges and the Chancellor. Bourne estimates in 1885 the value of the securities Delaware purchased with her share of the Surplus Revenue Fund as \$337,708,<sup>79</sup> showing a gain of \$50,959. If to the amount of Surplus Revenue

<sup>76</sup> Report Del. Supt. Free Schools, 1880, p. 45.

<sup>77</sup> Boone, *Education in United States*, p. 86.

<sup>78</sup> U. S. Bureau of Education, Circular of Information, No. 3, 1893, p. 161. Report U. S. Commissioner of Education, 1895-96, I, p. 280, places the principal at \$151, 643 with annual income of \$9,255.

<sup>79</sup> Bourne, Edward G., *History of the Surplus Revenue of 1837*, pp. 52-53. See also Part I, Chap. III.

received we add \$158,160, the value of the principal in 1829<sup>77</sup> prior to the receipt of the Surplus Revenue, we get a total of \$444,911, which subtracted from \$938,097,<sup>70</sup> the value of the principal, 1905, gives \$493,186 \* as the total increase over the amount originally invested.

No sources are provided at present for increasing the principal of the Public School Fund. The proceeds of about nineteen different kinds of licenses at one time dedicated to the School Fund were later added annually to the revenue of the Public School Fund.<sup>79a</sup> To-day the revenue from such licenses, amounting in 1901 to \$559.25,<sup>81</sup> are placed to the credit of the general fund<sup>79a</sup> out of which the legislature pays the expenses of the state, including (1901) \$120,000,<sup>81</sup> (1905), \$132,000,<sup>71</sup> annual appropriation for free schools and special school appropriations.<sup>80</sup> The annual state free public school appropriation in 1905 was \$132,000.<sup>71</sup>

**Management** The State Treasurer is, by virtue of and during the continuance of his office, the Trustee of the School Fund.<sup>82</sup>

The revenue of the Public School Fund is apportioned by the State Treasurer upon the following twofold basis: First, the revenue of the total fund, except \$300 annual six per cent interest on a Sussex county \$5,000 bond, is divided into three equal shares for the three counties of the state, New Castle, Kent, and Sussex. In addition to its third of the Public School Fund revenue, Sussex receives the above \$300 interest. Second, the revenue falling to each county is again divided equally according to the number of districts in each county, among all districts, white and colored.<sup>83</sup>

The Constitution (Art. X, Sec. 2) permits the revenue of the

\* Computed.

<sup>79a</sup> U. S. Bureau of Education, Circular of Information, No. 3, 1893, p. 161.

<sup>80</sup> Report Del. Supt. Free Schools, 1901, p. 74.

<sup>81</sup> Ibid., Cf. pp. 7, 128.

<sup>82</sup> Del. School Laws, 1898, p. 38, Sec. 27.

<sup>83</sup> Report U. S. Commissioner of Education, 1885-86, p. 70, foot-note 81.

Public School Fund to be used "for the payment of teachers' salaries and for furnishing free text-books." The  
**Objects** State Treasurer may use it for the purchase of free text-books; <sup>84</sup> the districts for teachers' wages and for no other purposes.<sup>85</sup>

A district must meet two classes of requisitions in order to receive its share of the School Fund.<sup>86</sup> First, it must maintain a school-house satisfactory to the county school commissioners from a sanitary standpoint; second, it must raise a local tax of a fixed amount. Every white district in New Castle county or Kent county must raise by subscription or taxation \$100 in order to receive its share of the School Fund; every white district in Sussex county, \$60; every colored district in Newcastle or Kent counties, \$50; in Sussex county, \$30.<sup>86</sup>

<sup>84</sup> Hughes, *School Law*, 1898, p. 30, Sec. 22½.

<sup>85</sup> *Ibid.*, p. 39, Sec. 27.

<sup>86</sup> *Ibid.*, p. 9, Sec. 4; p. 41, Sec. 27.



## CHAPTER XVI

### DISTRICT OF COLUMBIA

The District of Columbia possesses no district permanent common school fund. In 1826 the City of Washington provided for investing as a permanent fund \$40,000 raised by lotteries (1812-26). The purpose of the first lottery, November, 1812, had been to establish two public schools upon the Lancaster system. By the legislation of 1826 this fund was diverted from its original purpose and "appropriated, solemnly pledged and set apart for the purpose of encouraging two charity schools, one in the eastern section and the other in the western section of the city."<sup>87</sup> "Congress has turned over from time to time single lots or buildings or authorized the sale of certain lots, the proceeds to be applied to the school funds, but there has never been a permanent school fund in the District of Columbia derived from the sale of public land."<sup>88</sup>

<sup>87</sup> Barnard, *Special Report*, pp. 25-76, issued by U. S. Dept. of Education, reprinted Barnard, *American Journal*, Vol. 19, 1869, pp. 49-77.

<sup>88</sup> Extract from personal letter, Sept. 21, 1906, from A. T. Stuart, Director of Intermediate Instruction, Washington, D. C.

## CHAPTER XVII

### FLORIDA

#### STATE SCHOOL FUND

The permanent common school fund of Florida, formerly entitled School Fund or Common School Fund, now officially known as the State School Fund,<sup>89</sup> consisted in 1905 of

<b>Title.</b>	
<b>Condition, 1905</b>	\$1,085,367, invested chiefly in state and United States bonds <sup>90</sup> and of 114,085 acres of unsold common school lands <sup>90</sup> valued at (\$3.00 per acre) \$342,255. Adding these two amounts we get for the estimated prospective value of the fund, \$1,427,622. In 1905 the total common school revenue of the state, derived from all sources, amounted to \$1,473,191.80. <sup>90</sup> The portion of this actually derived from the interest on the State School Fund was \$33,632, <sup>90</sup> approximately two and three-tenths per cent (.0228*) of the total common school revenue. The state makes annual appropriations "for payment of interest on state bonds, held by the educational funds of the state as permanent investments." In 1905 this appropriation amounted to only \$18,047.01 <sup>90a</sup>

"In December, 1835, while Florida was still a territory, 'the register of the land office was charged with the duty of selecting and securing the various lands granted by Congress for schools, seminaries and other purposes.' By act of March 2, 1839, three school trustees were ordered to be chosen in each township. Each was to have the care of the sixteenth section lands in his township, lease the same, and apply the rents or profits for the benefit of the common schools."<sup>93</sup>

\* Computed.

<sup>89</sup> Fla. Constitution, 1885, Art. XII, Secs. 4, 5.

<sup>90</sup> Statement received Feb. 24, 1907, from W. M. Holloway, State Supt. Public Instruction of Florida.

<sup>90a</sup> Laws 1905, June 5, Chap. 5477.

<sup>93</sup> U. S. Bureau of Education, Circular of Information, No. 7, 1888, p. 20, note 2.

Florida received 1,053,653 acres of sixteenth section lands<sup>91</sup> from Congress upon her admission as a state, March 3, 1845.<sup>91</sup> The first constitution adopted that same date provided in very general terms for the establishment of a permanent school fund.<sup>92</sup> The care of the sixteenth section lands and the establishing of the funds was intrusted to the townships, it being originally expected that these lands should form the basis of local town funds.

From 1839 to 1850 many acts were passed regarding the fund, but the results of these were so slight that they do not call for a consideration in a summary statement. "It was not the original intention that the sixteenth section lands should be sold and merged into a common fund; but rather that by rental, or interest on the purchase money, if sold, such section should confer its benefits upon the township alone to which it belonged. . . . But as far as can be learned only one township ever organized to get the benefit of the act."<sup>93</sup>

"The legislature therefore directed that the lands be sold and the fund consolidated," i. e., placed under state control.<sup>94</sup> The indifference of the towns and their failure to establish such funds led the legislature to enact in 1848<sup>94</sup> that the land be sold by the Register of Public Lands, and the proceeds paid into the State Treasury for the establishment of a permanent state common school fund.<sup>95</sup>

It has been impossible thus far to learn what the value of the principal of the State School Fund was in 1860. In that year, however, Florida gave her school and seminary funds to the governor in exchange for certificates of the indebtedness of the state to each fund.<sup>95</sup> The result was that Florida expended the cash principal of her Common School Fund for arms, ammunition, and other objects, and at the close of the Civil War the only portion of the School Fund remaining was about 600,000 acres of unsold school land.<sup>96</sup>

<sup>91</sup> Report U. S. Commissioner of Education, 1892-93, II, p. 1283, Table Land Grants.

<sup>92</sup> Fla. Constitution, 1845, Art. X.

<sup>94</sup> Laws of Fla., 1848, p. 34, Chap. 230, approved Dec. 28, 1848.

<sup>95</sup> Resolution No. 4, Laws of Fla., 1860-61.

<sup>96</sup> Sheats, Wm. N., *Digest of the School Laws of Fla.*, 1897, Secs. 13, 15; Constitution of Fla., Art. XII, Sec. 4, amended 1894.

At present (1897) five sources for increasing the principal of the State School Fund are provided by law:<sup>96</sup> (1) The proceeds of all lands that have been or may hereafter be granted to the state by the United States for public school purposes; (2) donations to the state when the purpose is not specified; (3) state appropriations; (4) proceeds of escheated property; (5) twenty-five per cent of the sales of public lands which are now or may hereafter be owned by the state.

The State School Fund is managed by the State Board of Education.<sup>96</sup> The revenue is apportioned by the State Superintendent of Public Instruction "among the several counties of the state upon the basis of average attendance therein of children of school age" (six to twenty-one).<sup>97</sup>

The law does not specify the objects to which the income of the State School Fund may be applied. The joint income of the State School Fund, the one mill tax, and the county poll tax apportioned to a county, constitute the county school fund.<sup>98</sup> The necessary expenses of maintaining the schools in any county during any year shall constitute the first claim against the school fund of that year, but the income of the county school fund may be used to purchase real estate or to erect school buildings.<sup>99</sup>

(1) In order to avoid forfeiting its share of the state public school revenue, a county or district must maintain such school or schools as the available funds will support and must complete its proper term of school before the terminus of the school year;<sup>100</sup> (2) county schools failing to hold full session must make up such lost time within the next school year or forfeit their apportionment;<sup>100a</sup> (3) aid will not be granted to any school (high school or rural graded school) until the County Board shall have appropriated for such school an amount which will, with the state aid applied for, maintain the school for eight months or

<sup>97</sup> Ibid., Sec. 33, Rev. Stats., Sec. 133.

<sup>98</sup> Constitution of Fla., Art. XII, Sec. 9.

<sup>99</sup> Sheats, Wm. N., *Digest of the School Laws of Fla.*, 1899, p. 41, Sec. 116.

<sup>100</sup> Sheats, Wm. N., *Digest of the School Laws of Fla.*, 1899, p. 42, Secs. 119, 120.

<sup>100a</sup> Laws of Fla., 1905, May 31, Chap. 5386.

longer;<sup>100b</sup> state aid will be granted to no (high or rural graded) school (4) making an average attendance of less than fifty pupils; (5) unless the building in which the school is taught is owned by school authorities in fee simple and contains at least two good recitation rooms; (6) after July 1, 1904, unless every teacher therein holds a legal and unexpired certificate issued in Florida; that of the principal of a high school must be of such a grade as to show that he himself is qualified to teach any subject in the Standard Course of Study; that of a principal of a rural graded school shall be at least a first grade certificate.<sup>100b</sup>

<sup>100b</sup> Regulations of the State Board of Education regarding high schools and rural graded schools; Florida State Supt. of Public Instruction, Report, 1904, Appendix C, pp. 231, 233.



## CHAPTER XVIII

### GEORGIA

Georgia has at present no permanent common school fund.<sup>101</sup> The term common school fund is applied to the total state public school revenue derived from fourteen different sources,<sup>102</sup> namely: (1) direct tax levy; (2) poll tax; (3) half rental of Western & Atlantic R. R.; (4) liquor tax; (5) net hire of convicts; net fees for inspection (6) of fertilizers, (7) of oils; (8) show taxes; (9) dividends of Georgia R. R. stock; (10) rental of oyster lands; (11) dividends from state bank stock; (12) gifts, endowments, devises, and bequests to the State Board of Education; (13) commutation tax for military service; (14) animal tax.<sup>102</sup> It is sometimes erroneously stated that Georgia has a permanent common school fund composed of "half the Western & Atlantic R. R., and some stock of the Georgia R. R." (Report U. S. Commissioner of Education, 1902, I, xcii), but the above items numbered 3, 9, 10, and 11 do not constitute a permanent school fund, i. e., the law does not set them apart as permanent or inviolable sources, the revenue of which shall never be appropriated for any purpose other than schools. In the year 1900-01, of all the invested sources, items 3 and 9 alone contributed to the common school fund,<sup>103</sup> the former \$210,006,<sup>103</sup> and the latter \$2,046,<sup>103</sup> making a total of \$212,052. This would represent the interest on a principal of \$3,534,200 at six per cent. The total public school revenue for 1901 was \$2,011,753,<sup>104</sup> of which accordingly approximately ten and five-tenths per cent (.1054 \*)<sup>104</sup>

\* Computed.

<sup>101</sup> Letter received from W. B. Merritt, Ga. School Commissioner, Jan. 4, 1905.

<sup>102</sup> Ga. School Commissioner's Report, 1903, p. 404, also School Law, 1903, Sec. 38.

<sup>103</sup> Report Ga. Controller, General 1901, p. 39.

<sup>104</sup> Report U. S. Commissioner of Education, 1901, I, lxxxvii.

was derived from invested state capital, but not from permanent invested funds. The following table shows the sources and the amount derived from each for the year 1905:

1. Direct levy (appropriated for 1905) . . . . .	\$1,000,000.00
2. Poll Tax, including insolvent polls . . . . .	274,657.00
3. Half Rental W. & A. R. R. . . . .	210,006.00
4. Liquor Tax . . . . .	170,000.00
5. Hire of Convicts (to April 1, 1904) . . . . .	45,000.00
6. Net Fees from Fertilizers . . . . .	25,550.00
7. Net Fees from Inspection of Oil . . . . .	4,100.00
8. Show Tax . . . . .	4,295.00
9. Dividends from Stocks Ga. R. R. . . . .	2,046.00
10. Lease of Oyster Lands . . . . .	140.00
Total . . . . .	\$1,735,704.00

Section 54 of the constitution of 1777 provided that free schools should be erected in each county and supported at the expense of the state. As early as 1783 the Governor of

**Origin.**  
**Permanent**  
**Common School**  
**Fund Estab-**  
**lished 1817**

Georgia was empowered to grant one thousand acres of land for the establishment of free schools in each county.<sup>105</sup> Grants of land were given to

academies, many of which were actually established, but nothing further was done for free schools after 1783 until 1817.<sup>105, 107</sup>

In that year, 1817, Georgia provided for a permanent common school fund by an Act passed December 18, which "set apart and appropriated for the future establishment and support of free schools throughout the state" \$250,000, and directed the governor "so soon as a favorable opportunity may occur, to invest the above sum in bank or other profitable stock."<sup>106</sup> The following are some of the sources which contributed to the growth of the fund thus established; in 1818 by the Land Lottery Act, lots Nos. 10

<sup>105</sup> Watkin's *Digest of Laws of Ga.*, p. 15; U. S. Bureau of Education, Circular of Information No. 4, 1888, p. 17.

<sup>106</sup> Prince's (1836) *Digest of Laws of Ga.*, p. 18; see also U. S. Bureau of Education, Circular of Information, 1888, II, 24-34.

<sup>107</sup> "We have no evidence that this legislation was carried out," *Common School System of Georgia*, by O. A. Thaxton, Columbia U. M. A. Thesis, 1904 (unpublished), p. 19.

and 100 in each surveyor's district were set apart and reserved for the benefit of schools,<sup>106</sup> and by subsequent legislation their proceeds were made a part of the Permanent School Fund. An Act passed December 21, 1821, provided for the permanent investment of the fund, already accumulated, and of \$500,000 added by this act.<sup>108</sup> It bestowed upon the total fund the title "School Fund," and drew a distinction between the Free School and the Academy Funds by providing that the interest on one-half of the \$500,000 added by this act should be applied to the permanent endowment of county academies, and the revenue of the other half should be applied to the encouragement of free schools. This distinction led the latter fund to be spoken of generally as the Poor School Fund. By an act passed December 23, 1836, Georgia set apart "as a permanent free school and education fund" \$350,000,<sup>109</sup> one-third of her share of the United States Surplus Revenue distributed in 1837.\* In 1840 all state appropriations were merged in a Free School Fund.<sup>109, 110</sup>

The total Free School Fund in 1840 may be roughly estimated as follows: appropriation 1817, \$250,000; appropriation, 1821, \$500,000; Surplus Revenue, 1837, \$350,000; total  
 Loss (not including proceeds of land grants of 1818), \$1,100,000. The annual revenue of this fund in 1836, amounted to \$40,000,<sup>110</sup> but owing to the stigma of the badge of pauperism attached to receiving it, it was rejected with contempt.<sup>109</sup> It seems probable that little, if any, of the interest on the Surplus Revenue was ever used for supporting schools. It appears to have been paid out for general state expenses.<sup>112</sup> In 1845 only fifty-three out of ninety-three counties applied for their share.<sup>110</sup> The total distribution, 1817-60 (forty-three years) amounted to \$1,290,000,<sup>110</sup> or an average of \$30,000 annually. Up to 1860 the revenue was

\* See Part I, Chapter III.

<sup>108</sup> Prince's *Digest of the Laws of Georgia* (1836), p. 19.

<sup>109</sup> United States Bureau of Education, Circular of Information No. 4, 1888, p. 26.

<sup>110</sup> Ibid., p. 27, also Report U. S. Commissioner of Education, 1895-96, I, 295.

<sup>112</sup> E. G. Bourne, *History of the Surplus Revenue of 1837*, pp. 56, 59, 122.

therefore often rejected, and oftentimes diverted from its legitimate use. All permanent common school funds were lost during the Civil War, 1860-65.<sup>111</sup>

<sup>111</sup> O. A. Thaxton's unpublished Report on School Funds in Georgia, given in *Seminary, History of Education*, Columbia University, 1903-04; U. S. Bureau of Education, Circular of Information, 1888, No. 5, II, p. 26; Report U. S. Commissioner of Education, 1875, p. 72.

## CHAPTER XIX

### IDAHO

#### PUBLIC SCHOOL FUND \*

The permanent common school fund of Idaho, officially known as the Public School Fund,<sup>113</sup> consisted in 1903 of an invested principal of \$1,241,968,<sup>114</sup> and of unsold school land worth about \$10,000,000, estimated as follows: 57,584 acres of leased lands estimated at \$575,840,<sup>114</sup> and 942,416 acres of unleased lands estimated at \$9,424,160,<sup>114</sup> making a total estimated prospective fund of over eleven million dollars (\$11,241,968). It is estimated that the state up to the present time has borrowed about \$500,000 from the principal of the Public School Fund.<sup>115</sup> This is secured by four per cent state bonds and six per cent state warrants, the interest on which is paid chiefly out of state taxes.<sup>115</sup> These bonds and warrants are dependent for their credit and final payment upon the will of the state. They are not negotiable.<sup>115</sup> The principal is invested chiefly in state bonds and warrants, school district, county and municipal bonds and first mortgage farm loans at one-third their appraised value.<sup>115a</sup> In 1902, \$67,615, or approximately ten and two-tenths per cent (.102)<sup>116</sup> of Idaho's total public school revenue was derived from the income of the Public School Fund.<sup>117</sup>

\* The title used in the treasurer's report is General School Fund. The management of this fund is entirely with the State Land Board. It consists of principal derived from the school lands of the state, the interest of which goes to the common school fund. Treasurer's Report, 1901, p. 10.

<sup>113</sup> Constitution of Idaho, 1890, Art. IX, Sec. 4, Report U. S. Commissioner of Education, 1892-93, p. 1406.

<sup>114</sup> Report U. S. Commissioner of Education, 1904, I, p. lxxxii.

<sup>115</sup> Answers given by Idaho State Treasurer to questions, Nov. 20, 1906.

<sup>115a</sup> Elliott, E. C., *St. Sch. Sys. Leg.*, p. 42, No. 195, and note 120.

<sup>116</sup> Report U. S. Commissioner of Education, 1902, I, p. lxxxiv.

<sup>117</sup> *Ibid.*, p. lxxxiii.



Upon her admission into the Union in 1890, Idaho received from the United States, sections numbered sixteen and thirty-six in each township, previously reserved for the support of common schools by Act of Congress, March 3, 1863.<sup>10</sup> The total area of the sixteenth and thirty-sixth section lands amounted to 3,063,271 acres.<sup>9</sup> In 1890 the state, by her first constitution, provided that these lands be devoted to the establishment of a permanent school common fund, the interest only of which should be expended in the maintenance of the schools of the state.<sup>118</sup>

Five sources are provided by law for increasing the principal of the Public School Fund. They are the same as those provided

**Sources of Increase** for originally by the constitution as follows:<sup>119</sup>  
 (1) the proceeds of all school lands granted by the general government; (2) lands acquired by gift, or grant from any person or corporation under any law or grant; (3) all other grants of land or money made to the state for general educational purposes or where no other special purpose is indicated in such grant; (4) all estates escheating to the state; (5) all unclaimed shares and dividends of any corporation incorporated under the laws of the state.<sup>113</sup>

**Present Management** The State Land Board is the custodian of the Public School Fund.

The State Superintendent of Public Instruction apportions the revenue semiannually among the counties on the basis of their school population.<sup>120</sup> No requisitions laid upon districts nor any conditions are stated in the laws relating to schools for sharing in the Public School Fund revenue. The County Superintendent is fined if he fails to make the reports to the State Superintendent of Public Instruction as required by law.<sup>121</sup> The law is almost as silent regarding the objects to which the revenue may be applied. It

<sup>118</sup> Constitution of Idaho, 1890, Art. IX, Sec. 3.

<sup>119</sup> General School Laws of the State of Idaho, 1897-98, Sec. 72.

<sup>120</sup> Ibid., Art. VII, Sec. 73.

<sup>121</sup> Ibid., Art. III, Sec. 34.

names none, but simply provides in general terms that "the interest shall be expended in the maintenance of the schools of the state." <sup>122</sup>, <sup>122a</sup>

<sup>122</sup> Ibid., Art. VII, Sec. 73.

<sup>122a</sup> In some states provisions respecting the conditions for sharing in and respecting the lawful uses of the public school moneys are not contained in the laws, but in the "Regulations" of the State Superintendent of Public Instruction. It was impossible to learn whether any such exist in Idaho.

## CHAPTER XX

### ILLINOIS

#### TOWNSHIP FUND SCHOOL FUND PROPER SURPLUS REVENUE FUND COUNTY SCHOOL FUND

Illinois uses the term common school fund to include the total proceeds of (1) the state school tax; (2) interest on the School Fund Proper; (3) interest on the Surplus Revenue Fund.<sup>123</sup> Illinois possesses in all seven permanent school funds; only four of these, however, are common school funds, the other three being devoted to higher education. The permanent common school funds of the state are divided into two classes: first, trust funds, accumulations of moneys granted by the United States or of the proceeds of the sales of lands granted by the same power; second, moneys which the state has set apart by law for the use of common schools. These funds are all alike in that the income only may be expended. The common school funds of this first class are: (1) the Township Fund and (2) the School Fund Proper; of the second class, (3) the Surplus Revenue Fund and (4) the County School Fund.<sup>124</sup> The following table shows the condition and relative importance of these funds in 1905:

	<i>Principal</i>	<i>Income</i>
Township Fund . . . . .	\$5,923,095.07 <sup>125</sup>	\$784,966.16 <sup>126</sup>
Township Funds, unsold lands, 6,987.2 acres, estimated value . . . . .	9,571,580.33 <sup>125</sup>	
School Fund Proper . . . . .	613,362.66 <sup>125</sup>	36,801.77 <sup>126</sup>
Surplus Revenue Fund . . . . .	335,592.33 <sup>125</sup>	20,135.53 <sup>126</sup>
County School Funds . . . . .	161,703.31 <sup>125</sup>	7,858.57 <sup>126</sup>
<hr/>		
Total of all permanent common school funds	\$16,605,333.70	\$849,762.03

<sup>123</sup> School Laws of Ill., 1903, p. 126, Sec. 1.

<sup>124</sup> Ill. School Report, 1881-82, p. cxx.

<sup>125</sup> Ill. School Report, 1904-06, p. 164.

<sup>126</sup> From statement, Sept. 1, 1906, received from F. G. Blair, Ill. State Supt. of Public Instruction.

Illinois' total receipts for common schools in 1905 derived from all sources, excluding balance from previous year, amounted to \$23,999,188.55,<sup>128</sup> of which, consequently, approximately three and one-half per cent (.035 \*) was interest or income of permanent common school funds. The School Fund Proper and Surplus Revenue Fund, amounting together to \$948,954.99, were long ago borrowed by the state which used them for its own purposes and pays annual interest thereon at the rate of six per cent.<sup>129</sup> These funds may, in effect, be regarded as a permanent state debt.

An act of the legislature approved May 17, 1907, merged the County School Fund with the Township Fund. The County Superintendent of Schools was directed to apportion and distribute the principal of the County Fund to the townships and parts of townships in his county, the said principal thereupon to be added to the principal of the Township Fund.

Illinois provided for the establishment of the Township Funds in the year 1818 in the ordinance accompanying her first constitution.<sup>130</sup> The same ordinance provided that five per cent of the net proceeds of the sales of public lands in Illinois, sold by Congress after January 1, 1819, should be disposed of as follows: two per cent to be used in making roads leading to the state, three per cent for the encouragement of learning "one sixth of which shall be exclusively bestowed on a college or university."<sup>130</sup> Subsequent legislation established a state permanent school fund known as the School Fund Proper, consisting of this three per cent of the net proceeds of the sales of the public lands in the state, one-sixth part excepted.<sup>131</sup> The first payment on this three per cent fund was made December 27, 1821.<sup>129</sup>

The original capital of the Township Funds consisted of 985,066 acres of sixteenth section lands granted by Congress April 18, 1818,<sup>10</sup> the same being section number sixteen in each township throughout

\* Computed.

<sup>128</sup> Ill. School Report, 1904-06, p. 159.

<sup>129</sup> Ill. School Report, 1881-82, pp. cxxxvii, cxliii.

<sup>130</sup> Report U. S. Commissioner of Education, 1892-93, II, p. 1320.

<sup>131</sup> Ill. School Report, 1898-1900, p. 24.

the state. The Surplus Revenue Fund was established as a permanent common school fund or deposit by an act of legislature March 4, 1837, which resulted in setting aside, as a permanent fund for common schools, \$335,592.32 out of a total of \$477,919.24 received by Illinois as this state's share of the distribution of the United States Surplus Revenue of 1837.\*

The County Funds were provided for by section 5 of an act passed February 7, 1835,<sup>132</sup> which provided that teachers should not receive from the public school fund revenue more than half the amount due them for services rendered the preceding year, and that the sum reserved should constitute a new permanent fund to be known as the County School Fund.<sup>131</sup> This act did not, as might appear, withhold from the teachers any portion of their wages. It "merely provided that of the amount earned by the teachers (in each county) only one-half should be paid from the interest on permanent state funds. The other half was paid partly from the income . . . of the township and the remainder . . . by the tax payers of the district. When the amount which a county was entitled (to receive from the state) exceeded half the amount due the teachers, such surplus was" (set apart as a principal of a county permanent common school fund).<sup>132a</sup> In 1881, seventy of the one hundred and two counties in the state possessed County Funds. These funds "have received many considerable additions from other sources chiefly . . . from the proceeds of sales of swamp lands."<sup>129</sup>

"An act passed in 1829 provided that the Governor should borrow the School Fund (Proper) on account of the state, at the rate of six per cent interest, the interest to be added to the principal at the end of every year until the money should be refunded. . . . By an Act of Legislature passed February 7, 1835, it was ordered that the interest accrued upon the

**Borrowed  
by State**

\* See Part I, Chap. III for an account of the Surplus Revenue.

<sup>132</sup> "An act to provide for the distribution and application of the interest on School, College and Seminary Funds," Ill. Laws, 1834-35, pp. 22-24; Ill. School Report, 1881-82, p. cxliii.

<sup>132a</sup> Extract from letter, July 12, 1907, received from F. G. Blair, Ill. State Supt. of Public Instruction.



fund should be added to the principal and remain a part of the same.”<sup>133</sup> As was said at the beginning of this account, both the School Fund and the Surplus Revenue School Fund have been used by the state. “This (School Fund Proper) represents not a fund held by this state, but an amount of money which the state received in trust and used for its own purposes and upon which it has pledged itself by public act to pay interest at . . . six per cent until it refunds the money.”<sup>134</sup> The same is true of the Surplus Revenue Fund;<sup>135</sup> the principal was borrowed by the state and exhausted in extravagant public improvements. It exists to-day only as an account or credit fund.\*

The only means of increasing the principal of the Township Funds appears to be the sale of school land, chiefly sixteenth section land.<sup>136</sup> The proceeds of the sales of swamp lands are the chief source of increasing the principal of the County School Funds.<sup>137</sup>

The township and county funds are managed by the treasurers<sup>138</sup> of the respective townships and the County Superintendent of Schools,<sup>139</sup> “but the title to these funds is vested in the State.”<sup>126</sup>

The revenue of the Township and County School Funds is apportioned by the County Superintendent of Schools among the townships in proportion to the number of children under twenty-one years of age.<sup>140</sup>

No teacher can receive any share of any public fund who had not at the time of entering upon the duties of teaching a certificate

\* See Part. I, Chaps. I and III. Also E. G. Bourne, *History of the Surplus Revenue of 1837*, pp. 60, 61.

<sup>133</sup> Ill. School Report, 1881-82, p. xxxvi.

<sup>134</sup> Ibid., p. cxxxvii.

<sup>135</sup> Ibid., p. cxlii.

<sup>136</sup> School Laws of Ill., 1903, Art. 12, Sec. 16.

<sup>137</sup> Ill. School Report, 1881-82, p. cxliii. But the State Superintendent of Public Instruction writes, “County Boards are not authorized to add proceeds derived from sale of swamp lands to the principal of county funds,” cf. foot-note 124.

<sup>138</sup> School Laws of Ill., 1903, Art. III, Sec. 34.

<sup>139</sup> Ibid., p. 17, Art. II, Sec. 21.

<sup>140</sup> Ibid., Sec. XX.

of qualification as required by law.<sup>141</sup> Certain returns must be submitted and in some cases bonds executed and filed by school

**Conditions of Participation** officers before a township, district or officer can receive any part of the public school revenue.<sup>142</sup>

But the penalties for failure to fulfil these conditions are imposed upon the officers or teachers in their individual capacity, so that although the Common School Fund may be withheld, it apparently need never be forfeited.<sup>143</sup>

<sup>141</sup> Ibid., p. 98, Sec. 4.

<sup>142</sup> Ibid., p. 98, Sec. 5.

<sup>143</sup> Ibid., p. 17, Sec. 18; p. 143, Secs. 9, 10.

## CHAPTER XXI

### INDIAN TERRITORY \*

"MUSCOGEE, INDIAN TERRITORY, October 8, 1906.

"PROF. FLETCHER HARPER SWIFT,

"Dear Sir: Replying to your letter of recent date I will say that we have no school lands in this Territory. All the lands in the Indian Territory belong to members of the Five Civilized Tribes, and Congress has no authority to reserve any of it for school purposes. Our new statehood bill by which this Territory is to be combined with Oklahoma, contains a provision by which Congress appropriates on behalf of this Territory a school fund of \$5,000,000 in lieu of the usual school fund donations.

"Yours respectfully,

"JOHN D. BENEDICT,

*"Superintendent."*

\* See also Oklahoma. When first undertaken, this work set the year 1902 as its limit. Later it was decided to endeavor to extend the limit to 1905. In some cases as indicated, conditions of 1906 are reported. I regret to say that I was unable to bring Indian Territory and Oklahoma beyond 1905.

F. H. S.

## CHAPTER XXII

### INDIANA

#### I. CONGRESSIONAL TOWNSHIP FUND. 2. COMMON SCHOOL FUND

Indiana possesses two common school funds, the respective official titles of which are Congressional Township Fund<sup>144</sup> and Common School Fund.<sup>144</sup> The Congressional  
Titles.  
Condition, 1905 Township Fund consists, in 1905, of \$2,473,144 and eight hundred four and six-tenths acres<sup>145</sup> of unsold sixteenth section lands, the proceeds of which when sold will be added to the principal of the fund. The estimated value of these lands is \$35,413.<sup>145</sup> The total estimated principal of the fund is therefore \$2,508,557. The Common School Fund consists, in 1905, of \$8,168,082.74.<sup>145</sup> The total of these two funds, including the estimated value of unsold land, is therefore \$10,676,630. The annual income from these two funds in 1905 is as follows: Congressional Township Fund, \$148,288.62; Common School Fund, \$190,084.96;<sup>145</sup> the total income from permanent common school funds, \$638,373.58, or approximately five and three-tenths per cent (.053 \*) of \$11,927,050,<sup>145</sup> the total common school revenue in 1905 derived from all sources.

The origin of the Congressional Township Fund may be briefly  
Origin  
Congressional  
Township Fund stated: Before her admission as a state in 1816, Indiana by an Ordinance adopted June 29, 1816, accepted among other propositions offered by the enabling act of Congress, the proposition that the sixteenth sec-

\*Computed.

<sup>144</sup> Constitution of Indiana, 1851, Art. VIII, Sec. 2; Report U. S. Commissioner of Education, 1892-93, p. 1337.

<sup>145</sup> Statement received from F. A. Cotton, Ind. State Supt. of Public Instruction, Sept. 22, 1906.

tion in each township reserved in 1804,<sup>146</sup> be now granted to the inhabitants of each township for the use of schools;<sup>147</sup> 650,317 acres<sup>10</sup> were thus set aside. Further provision for the establishment of this fund was made this same year (1816) by the constitution<sup>148</sup> and by the first legislature.<sup>149</sup> The constitution forbade that any school lands should be sold prior to 1820<sup>148</sup> and it was not until 1828 that an act was passed authorizing such sale.<sup>150</sup> By acts passed 1833 and 1838 it was settled that the proceeds of these lands should not be intrusted to the state but should remain a township fund.<sup>151</sup> The original value of this land estimated at \$1.25 per acre would be more than \$800,000, but since none of the land could be sold prior to 1820, the principal realized was much larger, being estimated in 1852 at about \$1,600,000.<sup>152</sup>

The fund to-day known as the Common School Fund was provided for by the constitution adopted November 1, 1851,<sup>153</sup> the provisions of which were carried out by laws enacted June 14, 1852.<sup>154</sup> The establishment of the Common School Fund was in no sense the creation of a new fund. It was merely the formation of a composite fund by merging several already existing funds and revenues. The funds composing it were not even deposited in the state treasury, but were allowed to remain distributed among the counties which, however, now paid the revenue into the state treasury whence it was reapportioned among the counties. The following table gives the title of these component funds, the date of their original creation and the amount each contributed to the Common School Fund:

<sup>146</sup> Ind. School Laws, 1901, p. 24.

<sup>147</sup> Ind. Revised Laws, 1831, p. 37; Boone, R. G., *History of Education in Ind.*, pp. 8, 9.

<sup>148</sup> Ind. Constitution, 1816, Art. IX, Sec. 1.

<sup>149</sup> Boone, R. G., *History of Education in Ind.*, p. 171.

<sup>150</sup> Cotton, F. A., *Education in Ind.*, p. 175.

<sup>151</sup> *Ibid.*, p. 176.

<sup>152</sup> Report Ind. Supt. of Public Instruction, 1852, p. 34.

<sup>153</sup> Constitution of Ind., 1851, Art. VIII, Sec. 2; Report U. S. Commissioner of Education, 1892-93, II, p. 1337.

<sup>154</sup> Laws of Indiana, 1852, Chap. 98.



## Original Provision

<i>Date</i>	<i>Mode</i>	<i>Title of Fund</i>	<i>Amt. added by it to C. S. Fund</i> <sup>155</sup>
1816	Const.	County Seminary Fund	\$103,238 <sup>156</sup>
1816	Const.	Saline Fund	85,000 <sup>157, 158</sup>
1832	Act	Delinquent Tax Fund	Nothing
1834	Act	Bank Tax Fund	80,000 <sup>157</sup>
1834	Act	Sinking Fund	4,767,805 <sup>157</sup>
1837	Act	Surplus Revenue Fund	567,126 <sup>159</sup>

The constitution of 1851 declared that the Congressional Township Fund also should constitute a part of the Common School Fund, but the Supreme Court decided (1854) that this could not be done.<sup>160</sup>

The County Seminary Fund was not a permanent fund prior to 1851, but a revenue annually expended, derived from four different sources: (1) military service exemption moneys;<sup>160</sup> (2) fines for breaches of penal laws;<sup>161</sup> (3) money lost at gaming and recovered to the state;<sup>162</sup> (4) salt fines, exacted for selling salt by the barrel without having it inspected.

As a result of a provision contained in the act of Congress enabling Indiana to become a state, there were reserved for the use of the state thirty-seven and twenty-four hundredths sections (23,833.6 acres) of salt lands.

In 1832 Congress granted the state's request for permission to sell

<sup>155</sup> The amounts given in different reports do not agree with themselves nor with Boone.

<sup>156</sup> Boone, R. G., *History of Education in Indiana*, p. 186.

<sup>157</sup> Report Supt. of Public Instruction, 1871-73, p. 16.

<sup>158</sup> Boone makes this \$5,000; *History of Education in Indiana*, p. 183. I take amount given by reports 1871-73 and 1900.

<sup>159</sup> Boone, R. G., *History of Education in Indiana*, p. 196, note.

<sup>160</sup> Report Supt. of Public Instruction, 1898, p. 60.

<sup>161</sup> Constitution 1816, Art. IX, Sec. 3; Report U. S. Commissioner of Education, 1892-93, II, p. 1319.

<sup>162</sup> Revised Statutes, 1838, Sec. 4; Report Supt. of Public Instruction, 1900, pp. 299-300.

<sup>163</sup> Report Ind. Supt. of Public Instruction, 1900, p. 297; *Ibid.*, 1872, p. 15; Boone, *History of Education in Ind.*, p. 181 ff.

these lands upon condition that the proceeds be applied to education. By a special act (1834) these proceeds became a permanent fund,<sup>163</sup> known as the Saline Fund.

On January 28, 1834, Indiana granted a charter to a state bank capitalized at \$1,600,000 in fifty dollar shares, one-half held by the state and one-half by individuals.<sup>164</sup> The charter provided that upon the shares held by individuals an annual tax of twelve and one-half cents should be levied which "shall constitute part of the permanent Common School Fund."

The Sinking Fund owes its origin to sections 113-114 of the charter of the Indiana State Bank, just referred to. These sections provided that at the expiration of the bank's charter (it expired 1857) all the state's profits should be added to the permanent school fund.<sup>165</sup>

The origin of the Surplus Revenue Fund needs no explanation here, being given elsewhere in this volume.\* As the result of the act passed by Congress, June 23, 1836, providing for the distribution among the various states of the United States revenue remaining in the treasury January 1, 1837, Indiana received \$860,254. Two-thirds of this, \$567,126, was distributed among the counties to be loaned by them, the interest on these loans to be devoted to schools. This portion of the principal appears to have been exhausted or lost.<sup>166</sup> The remainder, one-third, was used as part of the capital of a state bank. Since 1851 the counties appear to have been held responsible to the state for the payment of the interest. The Surplus Revenue Fund must therefore be regarded as a permanent debt or credit fund.

\* See topic Surplus Revenue Fund, Chap. III in Part I.

<sup>164</sup> Report Ind. Supt. of Public Instruction, 1871-73, pp. 15-16; Boone, *History of Education in Ind.*, pp. 186-188; Laws, 1834, pp. 12-38; Laws, 1834, Chap. VII, Secs. 1-122.

<sup>165</sup> Report Ind. Supt. of Public Instruction, 1900, pp. 298, 299; Ibid., 1871-73, p. 16; Boone, *History of Education in Ind.*, pp. 189, 193.

<sup>166</sup> Bourne, E. G., *History of the Surplus Revenue of 1837*, pp. 60-64, 122.

The history of the Delinquent Tax Fund, which up to the present time has not added a dollar to the Common School Fund<sup>167</sup> will be taken up later.

It is altogether impossible to form even any approximate estimate of the funds of which the Common School Fund has been deprived by mismanagement or by insufficient legislation. Three million dollars is as near an estimate as I have been able to form, but this is perhaps not half of the real loss. Prior to 1843, \$27,918 of the Congressional Township Fund was lost through unpaid mortgages.<sup>151</sup> The constitution of 1851 and the legislation of 1852 and 1853 provided eight sources which should increase the Common School Fund.<sup>153</sup> As far as the records show, only three of these,—fines, forfeitures and estrays,—have added anything. In 1905, \$49,353.52 was added to the Permanent Common School Fund from fines and forfeitures.<sup>168</sup>

The first of the five unproductive sources is lands and other estates escheating to the state for lack of heirs. This source of school support originated in an act approved February 11, 1843.<sup>169</sup> Owing to the failure of the legislature to provide a lapse of time after which heirs' claims to estates shall not be allowed, not a dollar has ever been added from this source to the principal or revenue of the Common School Fund.<sup>169</sup>

A second source of increase provided by the constitution (1851) which has proved unproductive, is taxes levied on corporations.

The first provision for such a tax was made by an act approved January 17, 1849.<sup>170</sup> In 1872 it was claimed that two million dollars was due the Common School Fund from the surplus profits of the Vandalia Railroad.<sup>171</sup> All attempts to recover this money had been unsuccessful up to

<sup>167</sup> Boone, *History of Education in Ind.*, p. 198.

<sup>168</sup> Report Ind. Supt. of Public Instruction, 1906, p. 811.

<sup>169</sup> Revised Statutes, 1843, p. 438, Chap. XXVIII, Sec. 125; Boone, R. G., *History of Education in Ind.*, p. 203, note.

<sup>170</sup> Boone, R. G., *History of Education in Ind.*, p. 113.

<sup>171</sup> *Ibid.*, p. 206.

1890, and I find no record of any additions from this source since that date.<sup>171</sup>

Congress, by act approved September 28, 1850, granted to the states of the Union swamp lands. Prior to 1880 Indiana had conveyed 1,257,588 acres of such lands. Congress provided that the proceeds should be applied exclusively as far as necessary to the reclaiming of the lands; the constitution of Indiana provided that the surplus should constitute a part of the Common School Fund.<sup>153</sup> Owing to the dishonesty of the swamp commissioners<sup>173</sup> and to insufficient legislation, nothing has been added, as far as I am able to ascertain, to the Common School Fund from this source, although in 1890 it was estimated that \$850,000<sup>174</sup> was due.

The Delinquent Tax Fund is important in that it represents the first statutory attempt of Indiana to establish a state fund (as opposed to township or local funds). An act approved February 2, 1832, provided that upon all lands whose taxes had not been paid for three years, the school commissioner should charge up a penalty of fifty per cent on the tax at a rate of one hundred per cent per year on the said tax until the same should be paid. The proceeds were to be loaned and the interest on such loans was to be applied to the support of common schools. After three years the land could be sold and the proceeds added to the Common School Fund. This source of school support ceased in 1843 when the Revised Statutes devoted delinquent taxes to other ends, but an act approved March 3, 1853, directed that lands returned delinquent for seven years should be sold and the proceeds applied to the Common School Fund of the state. This source appears to have added nothing to the principal of the Permanent Common School Fund, although it contributed from fifty to seventy-five thousand dollars to the current support of schools from 1832 to 1843.

<sup>172</sup> Ibid., p. 102.

<sup>173</sup> Report Ind. Supt. of Public Instruction, 1866, p. 73.

<sup>174</sup> Boone, R. G., *History of Education in Ind.*, p. 200.

<sup>175</sup> Ibid., pp. 196, 198.

By a treaty with the Pottawattomie Indians, October 16, 1826, over 170,000 acres of land were obtained by the state for building a road. Subsequent legislation provided that any surplus proceeds should be held through the state treasury for the benefit of common schools. The moneys appear to have been "absorbed" in the construction of the road, and nothing is known to have been realized to the Common School Fund from this source.

The Common School Fund and the Congressional Township Fund are both alike distributed among the counties and are managed by the county auditors who loan them at six per cent on mortgaged real estate within the county.<sup>177</sup>

The interest on the Common School Fund is paid into the state treasury and apportioned to the counties by the Superintendent of Public Instruction semiannually upon the basis of school population.<sup>178</sup> The revenue derived from the Congressional Township Fund is distributed semiannually by the County Auditor to the township to which it belongs: "In making the said apportionment . . . the Auditor shall ascertain the amount of Congressional township school revenue belonging to each city, town or township, and shall apportion the other school revenue for tuition . . . according to the enumeration of children therein."<sup>179</sup>

The sole object to which the revenue of the Common School Fund and Congressional Township Fund can be applied lawfully is tuition,<sup>180</sup> which is defined as the payment of teachers' wages.<sup>181</sup>

"In case any school corporation shall not have expended for tuition purposes in any school year, an amount as great as that

<sup>176</sup> Ibid., p. 210.

<sup>177</sup> Report Ind. Supt. of Public Instruction, 1890, p. 40; Ind. School Laws, 1904, p. 308, Sec. 442.

<sup>178</sup> Ind. School Law, 1901, p. 276, note 2.

<sup>179</sup> Ibid., 1904, p. 162, Sec. 181.

<sup>180</sup> Ibid., p. 288, Sec. 391.

<sup>181</sup> Ibid., 1891, p. 79, Sec. 4442, note 2.



received from the Auditor for said year, then it shall be the duty of the Auditors . . . to deduct from the whole amount of state

**Conditions of Participation**      tuition revenue apportioned, an amount equal to the difference between the amount of state tuition revenue apportioned and distributed to said corporation for use in such school year and the whole amount shown . . . to have been actually expended for tuition purposes.”<sup>182</sup> This is the first condition; the second is that if a town trustee fails to make the reports required by law, the county auditor shall diminish the apportionment to said township, town, or city by the sum of twenty-five dollars, and withhold from the delinquent trustee the warrant for the money apportioned to his township, town, or city until such delinquent report is duly made and filed. For said twenty-five dollars and any additional damages . . . said trustee shall be liable on his bond.<sup>183</sup>

<sup>182</sup> Ibid., 1904, p. 162, Sec. 181.

<sup>183</sup> Ibid., p. 139, Sec. 142.

## CHAPTER XXIII

### IOWA

#### PERMANENT SCHOOL FUND

The permanent common school fund of Iowa, officially known as the Permanent School Fund,<sup>184</sup> consisted in the year 1905 of a permanent invested principal of \$4,757,342.56,<sup>185</sup> yielding an annual income of \$214,255.38,<sup>185</sup> which is approximately two and six-hundredths per cent (.0206 \*) of \$10,360,424.40,<sup>185</sup> the total annual receipts for public schools. The revenue of the Permanent School Fund, the revenue derived from the tax estimated by the board of directors, the district tax, and the county tax are combined and are together known as the Teachers' Fund.<sup>186</sup> If we add to the above invested principal, \$18,000, the estimated value of 520 acres of unsold common school lands belonging to the Permanent School Fund, we have a total prospective fund of \$4,775,342.56.<sup>185</sup> These lands yield no rent at present (1902 and 1905);<sup>185</sup> \$10,937.18 belonging to the Permanent School Fund is "held by the state" in state bonds "issued to cover losses arising prior to January 1, 1874."<sup>185</sup> These losses were occasioned by loaning the fund on insufficient security.<sup>185</sup> It appears that the state did not borrow this money, but has issued bonds to cover losses for which it was not responsible. These bonds cannot therefore be called loans to the state. They draw six per cent interest, which is paid out of state taxes. The remainder of the fund is invested chiefly in farm mortgages.<sup>185</sup>

\* Computed.

<sup>184</sup> School Laws of Iowa, 1902, p. 78, Sec. 2808; Report Iowa Supt. of Public Instruction, 1903, XIII.

<sup>185</sup> Data furnished by State Auditor Nov. 15, 1906; Report U. S. Commissioner of Education, 1902, I, p. lxxxiii, erroneously includes county tax.

<sup>186</sup> Cf. Report Supt. of Public Instruction of Iowa, 1903, p. xiii; Ibid., p. xxvi.

Among the lands which Congress granted to Iowa upon her admission into the Union was section numbered sixteen in each township for the use of common schools, amount-  
**Origin** ing to 1,013,614.21 acres,<sup>187</sup> and also 535,473.76 acres<sup>187</sup> granted pursuant to the Congressional land grant of 1841; making a total of 1,549,087.97 acres.<sup>187</sup> The first constitution adopted (1846) provided that the proceeds of these two grants should constitute a perpetual fund, the interest of which should be inviolably appropriated to the support of the common schools of the state.<sup>188</sup>

I find no estimate more recent than 1868 of the loss suffered by the Permanent School Fund. The auditor estimated at that  
**Loss** time that there had already been lost over one hundred and twenty-five thousand dollars (\$125,000) through carelessness, dishonesty, and mismanagement.<sup>189</sup> \* As stated in the first paragraph of this account, one of the chief causes of these losses was loaning the fund on insufficient security.<sup>185</sup> The state has issued six per cent bonds to the extent of \$10,937.18 to cover part of this loss.

The sources provided for increasing the Permanent School Fund were named in the first constitution: first, the proceeds of all sales  
**Sources of Increase** of intestate estates which escheat to the state; second, five per cent of the proceeds of the sales of public lands in the state.<sup>187, 188</sup>

"The general management of the Permanent School Fund is confided to the Auditor of the State."<sup>190</sup> The present State Audi-  
**Management** tor states that prior to 1874 the Permanent School Fund was loaned out by the State Superintendent of Public Instruction. "Since this time the fund is handled by the county boards of supervisors and the counties are held

\* See following paragraph on "Management."

<sup>187</sup> Ibid., p. 16; Report U. S. Commissioner of Education, 1892-93, II, p. 1283, gives sixteenth sections as 905,114 acres.

<sup>188</sup> Constitution 1846, Art. IX, 2nd Sec., 3; Report U. S. Commissioner of Education, 1892-93, II, p. 1332.

<sup>189</sup> Report Iowa Supt. of Public Instruction, 1868, p. 18.

<sup>190</sup> Ibid., 1875, p. 50. (No evidence of any change since.)

responsible for all loss.”<sup>185</sup> The fund is now invested chiefly in farm mortgages made by and under the control of these county boards.<sup>185</sup> On the other hand, the State Superintendent of Public Instruction in his report *for the year 1868* (p. 18) claims that the county system *then in vogue* was the cause of the \$125,000 loss already referred to. He writes, “No sane man with two or three millions of dollars to invest would appoint a hundred different agents in a hundred different counties and scatter his money broadcast over a whole state, and especially if he expected those agents to look after his interests without any special compensation.” The same officer’s report for 1875 (p. 50) states that the general management of the fund is intrusted to the State Auditor. It would appear then that the changes in management have been from State Superintendent to State Auditor, and from state responsibility for losses to county responsibility.

The revenue of the Permanent School Fund is apportioned semi-annually by the County Auditor among the several school corporations of the county on the basis of school population.<sup>191</sup> The revenue of the Permanent School Fund may be applied lawfully to three classes of expenditures:<sup>192</sup> (1) teachers’ wages; (2) tuition of pupils attending school in another district; (3) books purchased for the district library at a rate of not less than five cents nor more than fifteen cents for each resident of school age.

No conditions to be fulfilled in order to share in the Permanent School Fund revenue are named in the school laws.\* The law says the township board must maintain school twenty-four weeks, but states no relation between this or other requirements and sharing in the revenue.<sup>193</sup>

**Apportionment.**  
**Objects**

**Conditions of**  
**Participation**

\* See Idaho, foot-note 122a.

<sup>191</sup> School Laws of Iowa, ed. 1902, p. 78, Sec. 2808.

<sup>192</sup> Ibid., 1902, p. 36, note 21; Ibid., Sec. 2803; Ibid., p. 103, Chap. 110.

<sup>193</sup> Ibid., p. 43, Sec. 2773.

## CHAPTER XXIV

### KANSAS

#### STATE PERMANENT SCHOOL FUND

The permanent common school fund of Kansas, officially known as the State Permanent School Fund <sup>194</sup> consisted (1902) of a permanent invested principal of \$7,531,732 <sup>195</sup> and a reservation of 510,440 acres <sup>195</sup> of unsold school lands estimated at \$1,531,320, <sup>195</sup> making a total estimated and invested fund of \$9,063,052. Only 200,160 acres, <sup>195</sup> valued at \$600,480 <sup>195</sup> of these unsold lands are under lease, so that the present productive fund invested and estimated may be valued at \$8,132,212. The revenue derived from the State Permanent School Fund for the year 1902 amounted to \$421,649, <sup>198</sup> which is approximately nine and three-tenths per cent (.093 \*) of \$4,521,389, <sup>196</sup> the total annual receipts for public schools. Data for 1904 furnished by I. L. Dayhoff, State Superintendent of Public Instruction, appear to be only approximate. They are as follows:

1904

Total common school revenue . . . . .	\$5,156,775.94 <sup>199</sup>
Revenue from State Permanent School Fund . . . . .	408,130.81 <sup>199</sup>
Principal of State Permanent School Fund . . . . .	7,500,000.00 <sup>199</sup>
Estimated value unsold school lands . . . . .	5,000,000.00 <sup>199</sup>
Acreage unsold school lands, 1,000,000 acres. <sup>199</sup>	

\* Computed.

<sup>194</sup> Laws Relating to the Common Schools of Kansas, Compiled 1905, p. 131, Sec. 355.

<sup>195</sup> Report U. S. Commissioner of Education, 1903, I, p. cvii; Kan. School Laws, 1903, p. 136, Sec. 329.

<sup>196</sup> Report U. S. Commissioner of Education, 1902, I, p. lxxxiii.

<sup>198</sup> Report Kan. State Supt. of Public Instruction, 1901-02, p. 268.

<sup>199</sup> Statement, Sept., 1906, received from I. L. Dayhoff, State Supt. of Public Instruction.



By the constitutional ordinance made a part of her first constitution, 1861, Kansas set apart for the support of common schools the following lands<sup>197</sup> and proceeds granted by Congress to the state in 1861 upon her admission into the Union: (1) sections numbered sixteen and thirty-six in each township, including Indian reservations and trust lands; (2) 500,000 acres of land to which the state was entitled under the act of Congress, 1841; these lands were never added to the State Permanent School Fund (see School Laws of 1905, p. 5<sup>199</sup>); (3) five per cent of the future proceeds of federal lands. The first grant may be considered as the original capital of the State Permanent School Fund and the third as a means of increasing the principal. The amount of land granted proved to be as follows: 2,801,306 acres, sixteenth and thirty-sixth section lands;<sup>10</sup> 265,000 acres, indemnity Indian reservation school lands;<sup>200</sup> making a total original capital of 3,066,306 acres.

The minimum sale price was fixed by law (1864) at \$3.00 per acre.<sup>201</sup> This should have produced a fund of \$10,188,918. The minimum price now (1906) is \$1.25 per acre.<sup>199</sup>

**Loss** The total of the present invested and prospective capital, as already stated, is \$9,063,052. This would indicate a decrease of over one million dollars. In 1880 it was estimated that the fund would eventually reach the twenty million mark.<sup>202</sup> It therefore is impossible to estimate how much of the fund has been lost, but that there has been a large amount lost seems to be shown by the earlier reports. The Superintendent in 1878 writes that the state has sustained great losses in the sale and management of school lands and adds, "these losses are rapidly increasing and if they continue will amount to millions of dollars."<sup>203</sup> In 1894 a long list of bonds was reported on which interest had been due for

<sup>197</sup> Constitutional Ordinance, Secs. 1, 6, 7; Gen. Laws of Kansas, 1861, p. 46; Report U. S. Commissioner of Education, 1892-93, p. 1342.

<sup>200</sup> Report Kan. State Supt. of Public Instruction, 1878, p. 35, note 163.

<sup>201</sup> Report Kan. State Supt. of Public Instruction, 1878, p. 41; Laws of Kan., 1864, p. 188, Chap. CII, Sec. 2.

<sup>202</sup> Report Kan. State Supt. of Public Instruction, 1880, p. 55.

<sup>203</sup> Ibid., 1878, p. 36.

one year or longer as well as some \$15,000 worth of fraudulent bonds, and \$100,000 worth of bonds "upon which interest has not been paid for a long time."<sup>204</sup> As already stated, the 500,000 acres (Act of Congress, 1841) set apart for the permanent school fund by the first constitution and constitutional ordinance, have never been added to it; we may estimate this loss at the least as \$1,500,000.

"Lands once sold but afterward forfeited to the state through failure of the purchaser to pay interest and taxes as required by law . . . remain in the hands of the original purchaser, and are cultivated by him, the state deriving no benefit from them,"<sup>205</sup> thus wrote Superintendent Lenmon in 1878, and thus wrote Superintendent Stanley eighteen years later.<sup>205</sup> Among the causes which led to the loss of the State Permanent School Fund are poor management, carelessness, bad investments, insufficient legislation.

The means for increasing the principal provided by the first constitution are as follows:<sup>206</sup> the proceeds of the sales of (1) sixteenth section lands; (2) thirty-sixth section lands; (3) intestate estates; (4) five per cent of sales of federal lands within the state; (5) in 1901 a fifth source was added, namely, one-tenth of one per cent of capital stock of corporations paid as charter fee.<sup>207</sup>

The State Superintendent of Public Instruction, Secretary of State, and Attorney-General constitute a Board of Commissioners for the management and investment of the State Permanent School, State Normal School, and State University Funds. The Secretary of State is president and the Superintendent of Public Instruction is secretary of this board.<sup>208</sup> The State Treasurer is the custodian of all moneys belonging to

<sup>204</sup> Ibid., 1893-94, pp. 50 ff.

<sup>205</sup> Ibid., 1895-96, p. 37.

<sup>206</sup> Constitution, 1859, Art. VI, Sec. 3; Kan. Common School Laws, compiled 1905, p. 5; Report U. S. Commissioner of Education, 1892-93, II, p. 1343; Dassler, *Gen. Stats of Kan.*, 1901, p. 49.

<sup>207</sup> *Gen. Stats.*, 1901, Sec. 1264.

<sup>208</sup> Laws Relating to the Common Schools of Kan., compiled 1905, Chap. 19, Sec. 355, p. 131.

the State Permanent School Fund and of all bonds, mortgages, etc., belonging to it.<sup>209</sup>

The revenue is apportioned semiannually by the State Superintendent of Public Instruction upon the basis of county school population (five to twenty-one years).<sup>210</sup> It is then **Apportionment.** reappportioned by the County Superintendents among the districts and parts of districts upon the same basis.<sup>211</sup> The objects to which the revenue may be applied are not named in the laws except negatively.\* It cannot be used for denominational nor religious schools,<sup>212</sup> nor for purchasing school sites,<sup>213</sup> nor erecting school buildings.<sup>213</sup> These last two classes of expenditure must be met by district tax.<sup>213</sup>

Two conditions must be fulfilled by a district in order to share in the revenue of the State Permanent School Fund: (1) the district must maintain a common school for at least three months **Conditions of** during the school year ending June 30; (2) the **Participation** district must submit through its clerk its annual report to the County School Superintendent in time to be included in his annual report.<sup>214</sup>

\* See Idaho, foot-note 122a.

<sup>209</sup> Ibid., p. 134, Sec. 364.

<sup>210</sup> Ibid., p. 116, Sec. 318.

<sup>211</sup> Ibid., p. 45. Sec. 71.

<sup>212</sup> Constitution of Kan., 1859, Art. VI, Sec. 8; Laws Relating to the Common Schools of Kansas, 1905, p. 6.

<sup>213</sup> *Columbian History of Education in Kansas*, compiled by Kansas Educators, IV, I.

<sup>214</sup> Laws Relating to the Common Schools of Kansas, compiled 1905, p. 45, notes 87, 88.

## CHAPTER XXV

### KENTUCKY

#### PERMANENT SCHOOL FUND

The laws and official reports of Kentucky use the term school fund to include the state school property tax, the revenue of the permanent school fund and school money derived from some other sources.<sup>215</sup> The permanent common school fund of Kentucky, known officially as the Permanent School Fund,<sup>216</sup> is a permanent debt of \$2,418,996.66.<sup>217</sup> The principal of the Permanent School Fund was long ago borrowed by the state which used it for its own purposes. The state has filed bonds covering the entire sum thus diverted, and now pays on them six per cent revenue out of the sinking fund. These bonds are regarded as an irrevocable debt payable at the will of the legislature.<sup>215, 216</sup> In 1905 the total common school revenue derived from all sources amounted to \$2,488,659.80,<sup>217</sup> of which \$145,139.80,<sup>217</sup> or approximately five and eight-tenths per cent (.058\*) was the interest paid by the state on the Permanent School Fund. The management of the Permanent School Fund is intrusted to the state legislature.<sup>218</sup> The State Auditor keeps an account of it.<sup>219</sup>

By an act approved December 18, 1821, Kentucky set aside one-half of the net profits of the stock held by the state in the Bank of the Commonwealth, "as a fund which shall be known by the name of the Literary Fund, forever maintained as such for establishment and support of a system of

\* Computed.

<sup>215</sup> Ky. Common School Laws, 1904, p. 9, Secs. 8, 9.

<sup>216</sup> Report Kentucky State Supt. of Public Instruction, 1892-93, pp. 671, 672.

<sup>217</sup> Data furnished Sept. 3, 1906, by J. H. Fuqua, Sr. Ky. State Supt. of Public Instruction.

<sup>218</sup> Constitution of Ky., Sec. 185 (Ky. School Laws, 1905, p. 4).

<sup>219</sup> Ky. School Laws, 1905, p. 11, Sec. 11.

general education.”<sup>220</sup> Section 3 of this act shows that the income of the fund was intended for common schools. The income from this stock was at that time about \$60,000 per year.<sup>221</sup> Very little of this appears to have been used for schools, but was used by the state to meet its own general expenditures. Edwards asserts that in 1832 \$140,917 of the fund remained, but Mayes writes that by 1826 nothing of the Literary Fund remained.<sup>222</sup> If we accept the latter’s statement we must date the present fund from 1838, when the legislature determined that \$65,978, the income of \$850,000 of Kentucky’s share of the United States Surplus Revenue distributed in 1837, should be used perpetually for the support of common schools.<sup>223</sup>

It has already been shown how small a share of the revenue of the Literary Fund ever reached the common schools. In 1840, two years after the second attempt to establish a  
**Loss and** permanent school fund, the school funds of the  
**Diversion** state were seized upon and used to liquidate the state debt. By 1843 the entire principal of the fund had been used for roads and the “improvement” of rivers; and the state was in debt to the fund to the amount of \$116,000. In 1845, \$917,550 of state school bonds, representing the invested Surplus Revenue,<sup>224</sup> were surrendered by the Board of Education and burned in the presence of witnesses.<sup>225</sup> In 1848 the state issued bonds to the amount of \$368,768 to cover its indebtedness to the School Fund. In 1850 the revised constitution provided that “the capital of the fund called and known as the ‘Common School Fund,’” consisting of \$1,225,768 of state bonds, plus \$73,500 in stocks of the Bank of Kentucky, and \$51,223, the balance of unexpended interest of the

<sup>220</sup> Acts, 1821, p. 35, Chap. CCLXXXIV, U. S. Bureau of Education, Circular of Information, 1899, III, p. 330.

<sup>221</sup> U. S. Bureau of Education, Circular of Information, 1899, III, p. 331.

<sup>222</sup> “Edn. and Lit. Insts. in 1832,” *Barn. Am. Journ.*, 1877, p. 335.

<sup>223</sup> Report U. S. Commissioner of Education, 1895-96, p. 324. For an account of the Surplus Revenue see Part I, Chap. III.

<sup>224</sup> E. G. Bourne, *Hist. of the Surplus Revenue of 1837*, p. 66.

<sup>225</sup> Laws of Ky., 1845, p. 69, Chap. 264, Sec. 4; Report U. S. Commissioner of Education, 1899-1900, I, p. 512.



fund for the year 1848 "shall be held inviolate" for the purpose of sustaining a system of common schools and the revenue should be applied to no other purpose.<sup>226</sup> As already pointed out, such a provision can hardly be considered the restoration of the lost principal. It is an acknowledgment of the state's indebtedness, and with subsequent legislation gives an assured source of school support. But the interest of the Permanent School Fund is paid from the interest of the Sinking Fund, and it would take an act of legislature to compel the state to meet the payment of the principal. The causes of the loss and diversion may be named briefly as follows: spirit of opposition to public schools, insufficient legislation, hostile legislation.

The principal of the Permanent Fund School may be increased by grants, gifts, and devises of real and personal property.<sup>227</sup>

The state legislature may be said to manage the fund, since the control of it rests with them.<sup>218</sup>

The Superintendent of Public Instruction apportions the revenue annually among the counties upon the basis of their school population. It is then paid upon his warrant by the Auditor of Public Accounts bimonthly to the County Superintendents of each county and to the treasurer of the Board of Education of each city, town, or village organized as one district.<sup>228</sup>

"Except as otherwise expressly provided in this chapter, no part of the common school fund or of the revenue thereof shall be used for any other purpose than the payment of teachers of common schools legally qualified."<sup>229</sup>

The other objects expressly provided for are the payment of the "expenses of the State Department of Education of whatever character or kind."<sup>230</sup>

<sup>226</sup> Art. XI, Sec. 1, Constitution adopted June 11, 1850; Wickliffe, Turner and Nicholas, *Ky. Revised Statutes*, 1852, p. 72.

<sup>227</sup> Ky. School Laws, 1905, p. 20, Sec. 35.

<sup>228</sup> Ky. School Laws, 1905, p. 12, Secs. 13, 14.

<sup>229</sup> *Ibid.*, p. 11, Sec. 10.

<sup>230</sup> *Ibid.*, Sec. 9.

Three conditions must be fulfilled by a district in order to receive its share of the Permanent School Fund revenue, viz.: (1) the maintenance of a school for at least six months; **Conditions of Participation** (2) the school must be taught by a qualified teacher; (3) the school must be free and open to every child between six and twenty years of age within the district.<sup>231</sup>

<sup>231</sup> Ibid., p. 7, Sec. 2.

## CHAPTER XXVI

### LOUISIANA

#### FREE SCHOOL FUND

The permanent common school fund of Louisiana, officially known as the Free School Fund,<sup>232</sup> consists of three parts: first, Title. \$1,130,867, declared by the constitution to be a Condition, 1905 perpetual state debt due to the Free School Fund,<sup>232</sup> on which the state pays four per cent interest; second, consolidated and constitutional bonds, which constitute the only part of the principal that has a real existence and which represent the proceeds of the sales of sixteenth section school lands made since January 1, 1880, and amounting in 1895 to \$243,930;<sup>233</sup> third, unsold common school lands, the area of which it has not been possible to ascertain.<sup>233a</sup> That portion of the fund represented by the state debt exists nowhere except on the books of the state. Its four per cent revenue was paid, 1879-98, out of the education tax,<sup>234</sup> and from 1898 to the present (1902) out of the interest tax fund,<sup>235</sup> i. e., state taxes. In 1905 the principal of the Free School Fund, including the perpetual four per cent loan, amounted to \$1,759,386.76.<sup>233a</sup> The interest on the principal amounted to \$61,793.40<sup>233a</sup> and the rent of school lands amounted to \$19,618.55,<sup>233a</sup> making a total income from the Free School Fund of \$81,411.95. The total receipts from all sources for common schools this same year amounted to \$2,218,912.57,<sup>233a</sup> of which, therefore, approximately three and seven-tenths per cent (.037) was

<sup>232</sup> Constitution of Louisiana, 1898, Art. 257; Compilation of Laws of La. Relating to Free Public Schools, 1904, p. 18.

<sup>233</sup> Report La. State Supt. of Public Education, 1894-95, p. iv.

<sup>233a</sup> Statements Sept. 6, 1906, and July 11, 1907, received from J. B. Aswell, La. State Supt. of Public Education.

<sup>234</sup> U. S. Bureau of Education, Circular of Information, 1898, No. 1, p. 104.

<sup>235</sup> Report La. State Supt. of Public Education, 1898-99, p. 7.

derived from the interest on the Free School Fund and the rent of common school land.

Louisiana received from the United States as the result of Congressional lands grant in the years 1806 and 1843, 786,044 acres of sixteenth section lands for the use of common schools.<sup>10</sup> To this Congress added (September 6, 1841) a grant of ten per cent (.10) of the proceeds of the sale of all federal lands to be applied to the school fund.<sup>236</sup> A new constitution adopted 1845 made general provision for the establishment of "a perpetual fund on which the state shall pay an annual interest of six per cent."<sup>237</sup> The constitution provided that this perpetual fund should be held as a loan by the state which should pay annual interest of six per cent thereon; "which interest, together with all the rents of unsold (school) lands shall be appropriated to the support of such schools, and this appropriation shall remain inviolable." The sources which the constitution devoted to the perpetual school fund were as follows: (1) the proceeds of all school lands previously granted to the state by the United States; (2) proceeds of all lands hereafter granted or bequeathed to the state not expressly granted or given for some other purpose; (3) proceeds of intestate estates escheating to the state.<sup>237</sup> By the constitution adopted in 1852 (Title VIII, Art. 137) these sources of the "perpetual school fund" were continued and the interest on the state's share of the United States Surplus Revenue of 1837 was joined with the income of the Perpetual School Fund. On March 15, 1855, the establishment of the Free School Fund was completed by an act which provided that (1) the proceeds of sale of school lands, except sixteenth section land; (2) ten per cent net proceeds of estates of deceased persons escheating to the state; (3) ten per cent of proceeds of sales of United States lands to which state is entitled shall be and remain a perpetual fund to be called the Free School Fund. On this fund the state shall pay an annual interest of six per cent,

<sup>236</sup> U. S. Bureau of Education, Circular of Information, 1898, No. 1, p. 69.

<sup>237</sup> Constitution of La., 1845, Title VII, Art. 135; P. L. Phillips, *La. Revised Statutes*, 1856, also quoted in Report U. S. Commissioner of Education, 1892-93, II, p. 1329.

which interest, together with the interest of Louisiana's share of the United States Surplus Revenue, \$477,919.14, and with the rents of all unsold lands, except sixteenth section lands, shall be appropriated for the support of public schools in this state.<sup>238</sup> It should be noted here that the state had spent every dollar of its surplus revenue before 1840 in appropriations, so that in devoting this fund to schools it was merely establishing a credit fund, not a productive resource.<sup>239</sup> It was decided in Louisiana that townships, not the state, owned the sixteenth section lands. Some gave up these lands to the state and the proceeds became a part of the Free School Fund.<sup>240</sup> Others held them, still possess them (1898) and derive an appreciable revenue from them. Others have lost all record of them.<sup>234</sup>

As a result of the Civil War, "in a few years the public debt of Louisiana was increased by the sum of \$40,000,000."<sup>241</sup> In 1872

the Government sold at public auction the whole  
 Loss Free School Fund which had been invested in  
 state bonds and which "amounted to more than \$1,000,000."<sup>242</sup>  
 The constitution of 1879 placed the Free School Fund among the  
 perpetual debts of the state, but reduced the interest from six to  
 four per cent and declared that this interest as well as the interest  
 on the Seminary, Agricultural, and Mechanical funds should be  
 paid not out of the general revenue of the state, but out of the tax  
 (annual appropriation) collected for pupils' education.<sup>243</sup> "This  
 was a wholesale robbing 'of Peter to pay Paul.' "

Provision is made for increasing the principal of the Free School Fund from the following sources: (1) the proceeds of all lands heretofore granted by the United States to the state for the use or support of schools, except the sixteenth sections (which belong

<sup>238</sup> U. S. Bureau of Education, Circular of Information, 1898, No. 1, p. 103, taken from Bureau *School Laws*, p. 47, Art. CVIII.

<sup>239</sup> Bourne, Edward G., *History of the Surplus Revenue of 1837*, pp. 68, 69. Consult Part I, Chap. III, for an account of the U. S. Surplus Revenue Fund.

<sup>240</sup> Report U. S. Commissioner of Education, 1895-96, I, p. 312.

<sup>241</sup> Ibid., 1894-95, II, p. 1304.

<sup>242</sup> Ibid., II, p. 1303.

<sup>243</sup> Constitution of La., 1879, Art. 233.



to the townships); (2) the proceeds of all lands heretofore granted or bequeathed to the state when no other purpose is stated in grant or bequest; (3) ten per cent of the net proceeds of sales of public lands accruing to this state under act of Congress approved September 4, 1841; (4) proceeds of intestate estates escheating to the state; (5) gifts; (6) appropriations by legislature; (7) inheritance tax;<sup>243a</sup> (8) proceeds of Dried Lake Lands."<sup>243a</sup> To this revenue of the Free School Fund is added that of (1) the Trust Fund (United States Surplus Revenue Deposit of 1837); (2) rent of all unsold school lands except that of sixteenth section land.

The Free School Fund is borrowed by the state which pays an annual interest on it of four per cent.<sup>244</sup> The townships control the sixteenth section lands belonging to each. They may lease or sell them. In the latter case the proceeds may be paid into the State Treasury and the state will, according as the township votes, either pay to the township an annual interest or add the interest as an accumulated fund to the credit of the township until called for.<sup>245</sup>

The revenue of the funds appropriated by the General Assembly for the support of the public schools of the state is apportioned by the Superintendent of Public Education in February, June, and November among the parishes of the state upon the basis of school population (six to eighteen years<sup>246</sup>). No provision is made by the laws regarding the objects to which the revenue of the Free School Fund shall be applied, nor regarding any conditions that must be fulfilled by the parishes in order to receive their respective share.\*

**Sources of Increase** <sup>244</sup>

**Management**

**Apportionment**

**Objects.  
Conditions of  
Participation**

\* See Idaho, foot-note 122<sup>a</sup>.

<sup>243a</sup> Data furnished Sept. 6, 1906, by J. B. Aswell, State Supt. of Public Education. Cf. Compilation of Laws of La. Relating to Free Public Schools, 1904, p. 61, Art. 45.

<sup>244</sup> Revised Statutes of La., 1904, Sec. 2957; Compilation of Laws of La. Relating to Free Public Schools, 1904, p. 60.

<sup>245</sup> Ibid., Sec. 2936; Compilation of Laws of La. Relating to Free Public Schools, 1904, p. 56.

<sup>246</sup> Compilation of Laws of La. Relating to Free Public Schools, 1904, p. 49.

## CHAPTER XXVII

### MAINE

#### PERMANENT SCHOOL FUND

The official title of the permanent common school fund of Maine is Permanent School Fund.<sup>247</sup> It is sometimes called the State School Fund to distinguish it from "the School Fund proper," the latter term being used to include the aggregate revenue received from (1) local funds, (2) the Permanent School Fund, and (3) town taxation.<sup>248</sup> The Permanent School Fund has never yielded any considerable portion of the total of Maine's annual school revenue. Between 1851, the first year of its distribution, and 1902, the per cent it contributed toward the total expenditure ranged from .052 (1851)<sup>252</sup> to .014+ (1902),<sup>252</sup> with an average of .045.<sup>252</sup> In 1905 the principal of the fund amounted to \$442,757<sup>249</sup> and the annual interest therefrom to \$26,565,<sup>249</sup> approximately one and two hundredths per cent (.01018)<sup>252</sup> of \$2,607,783.87,<sup>249</sup> the total public school revenue for 1905, derived from all sources. The Permanent School Fund of Maine may be termed a credit fund, for "the state used the money received for the credit of the Permanent School Fund and pays six per cent for its use."<sup>250</sup> The importance of this fund, therefore, lies not in the largeness of its contribution in the past nor in the present, but rather in the unifying effect it has had on the Maine school system as a whole. It interests us as a

<sup>247</sup> Laws of Me. Relating to Public Schools, compiled 1905, p. 39, Sec. 122.

<sup>248</sup> Me. School Report, 1903, App. p. 62.

<sup>249</sup> Statement received Nov. 8, 1906, from Edward Wiggin, Secretary Dept. of Public Instruction.

<sup>250</sup> Extract from personal letter from State Treasurer, Oct. 28, 1904.

<sup>252</sup> Computed from data taken from state and federal school reports and from statements received from Maine officials.

typical school fund for the same reason that the Massachusetts School Fund interests us. In view of the fact that Maine was originally a district of Massachusetts, the earliest history of her school support is merely one chapter of that of the mother state. Both present many of the same typical conditions. Both afford excellent studies of states that attempted to support common schools without establishing any state permanent common school fund. Both eventually came to recognize the necessity of having such a fund for the purpose of centralizing and making effective the already existing system of schools. Still further, both represent extreme democratic and individualistic tendencies which gradually yielded to republican and coöperative tendencies and principles. The support of free public schools by the towns was required from the date of Maine's admission to the Union, 1820. This was eight years before the Permanent School Fund was established, and thirty-one years before the first distribution of its revenue.

Four sources of local school support existed in Maine prior to the establishment of the Permanent School Fund, as follows: (1) town

**Sources of Local School Support Prior to Permanent School Fund** funds, provided for by the Act of Massachusetts, 1788, and continued by the Massachusetts-Maine Articles of Separation, 1820; (2) compulsory town tax, 1821;<sup>252a</sup> (3) voluntary town tax, 1821;<sup>252b</sup> (4) contributions and gifts. To these four local means of common school support must be added the form of state aid that first contributed a revenue to common schools, namely, the bank tax established 1833.

To encourage the settlement of the district, Maine, then divided into the three counties of York, Cumberland, and Lincoln, together

**Town Funds. Origin** commonly known as the "Eastern" lands, the legislature of Massachusetts in 1788 provided that in the disposition of all towns thereafter, whether granted or sold, four lots of 320 acres each, making a total of 1,280 acres, should be reserved for certain purposes in each and every township, as

<sup>252a</sup> Act of 1821, Sec. 1.

<sup>252b</sup> Ibid., Secs. 9, 10.

follows: lot one, the "Minister's" lot for the first settled minister; lot two, the "Ministerial" lot for the use of the ministry; lot three, the school lot for the support of common schools in that township;

**Minister and  
School Lots  
Sequestered**

lot four, the "State lot for the future disposition of the State."<sup>252c</sup> When Maine became a state in the year 1820, it was provided by the Articles of

Separation, that Maine should carry out these provisions of 1788. By the law of 1828, the area of lots to be reserved in the township was changed from 1,280 acres to 1,000 acres.<sup>252d</sup> In

**Ministerial Lots  
Devoted to  
Schools**

1832<sup>251</sup> it was provided that except in cases where the title had already become invested, the minister's claim should be ignored, and all the lots,

that is, 1,000 acres reserved in each township should be used for the support of schools in that township.<sup>252e</sup> The fund created by the sale of grass and timber on these lots, together with the money received for the land itself, was to be invested as a permanent fund for the benefit of the schools.<sup>252c</sup> In some towns these funds are

still preserved intact; in others the funds have been loaned to the town and the town pays a small sum equivalent to the interest of the fund; in still others the school fund has been used for general town purposes. In 1898 there

**Present Condition  
of Town Funds**

were three hundred and fifty-five towns that should have had town funds; seventy-three of these had misappropriated these funds.<sup>252f</sup> Edward Wiggin, Secretary of the State Educational Department of Maine, writes, "When I came to this Department twelve years ago I found that many towns had no lands nor fund 'in sight.' . . . I found, in no instance, evidence that the fund had been stolen or embezzled. In many instances it had been disposed of long before the memory of any living citizen, in other cases it had been used by the vote of the town, as per records in possession of the town clerk, to build a school house, make repairs,

<sup>251</sup> Statement received Nov. 8, 1906, from Edward Wiggin, Esq., Secretary Educational Department of Maine.

<sup>252c</sup> Me. School Report, 1898, pp. 49, 50.

<sup>252d</sup> Ibid., 1901, p. 49.

<sup>252e</sup> Laws, 1832, Chap. 39; also Me. School Report, 1901, p. 50.

<sup>252f</sup> Me. School Report, 1898, p. 52.

or for some such purpose. Many towns had given a note bearing interest at six per cent to the school boards, and had raised the amount of interest each year, in addition to the other amounts, required by law to be raised for the support of common schools. I secured the passage of a law some eight years ago, (I don't recall the exact year) requiring every town that could not account for its school lands or the proceeds thereof, to raise annually forty-five dollars for the support of common schools, in addition to the amounts required by law to be raised and expended for that purpose."<sup>251</sup>

Compulsory local tax, known as the town or municipal tax, assessed at a fixed rate by legislature, was provided for, as already stated, by section 1, Act of 1821. This was a per capita tax. The rate of tax from the time of its establishment through the year 1872 was as follows in the years cited:

Local Tax.  
1. Compulsory.  
2. Voluntary

#### MAINE LOCAL TAX RATE 1821-1872

1821	1853	1854	1865	1868	1872
\$0.40 <sup>251a</sup>	\$0.50 <sup>251b</sup>	\$0.60 <sup>251b</sup>	\$0.75 <sup>251b</sup>	\$1.00 <sup>251b</sup>	\$0.80 <sup>251b</sup>

This tax by the law of 1821 was divided among school districts in proportion to the number of children, four to twenty-one years of age.<sup>251c</sup> By the law of 1821, sections 9 and 10, towns

Voluntary  
Town Tax

were allowed to levy upon themselves voluntary taxes for buying land for school-houses, and erecting and repairing school buildings. The last local source of school support which we shall mention is that of gifts and contributions.

Gifts and  
Contributions

As in the case of many other States, we have been able to obtain no reliable data of the amounts given by these means.

The only means of state aid to schools prior to the distribu-

<sup>251a</sup> Act January, 1821, Sec. 1; *Study of the History of Education in Maine*, by Supt. of Public Schools, p. 18.

<sup>251b</sup> Me. School Report, 1872, p. 28.

<sup>251c</sup> Act January, 1821, Sec. V.



tion of the Permanent School Fund revenue was the bank tax. On January 23, 1821, the legislature passed an act imposing a semiannual tax of one-half of one per cent upon all banks of the State. From 1821 to March, 1833, this money was used for the expenses of the State.<sup>251d</sup> The total amount paid during these twenty-two years was \$194,809. An act was passed March 4, 1833, providing that subsequently the bank tax be distributed by the State Treasurer to the towns and plantations of the state according to their number of pupils.<sup>251d</sup> The amount of bank tax so distributed as a result of this act varied greatly in the different years, as will be seen by the following table:

MAINE SCHOOL BANK TAX

(Only form of State aid antedating distribution of income of Permanent School Fund)

<i>Year</i>	<i>Amt. Bank Tax Contributed to Schools</i>
1833 . . . . .	\$18,389 <sup>251f e</sup>
1837 . . . . .	49,415 <sup>251f e</sup>
1863 . . . . .	79,830 <sup>251f</sup>
1864 . . . . .	39,385 <sup>251g</sup>
1867 . . . . .	4,475 <sup>251h</sup>
1868 . . . . .	4,473 <sup>251t</sup>
1869 . . . . .	ceased <sup>251j</sup>

The income for schools from the bank tax was greatly diminished by the Act of 1863, passed under the pressure of local and national taxation.<sup>251k</sup> By this act there was remitted to the banks one-half the tax; in view of the levying of a United States bank tax.<sup>251g</sup>

<sup>251d</sup> Me. School Report, 1857, p. 15.

<sup>251e</sup> Ibid., 1855, p. 14.

<sup>251f</sup> Ibid., 1866, p. 43.

<sup>251g</sup> Ibid., 1864, p. 56.

<sup>251h</sup> Ibid., 1867, p. 44.

<sup>251t</sup> Ibid., 1868, p. 72.

<sup>251j</sup> Ibid., 1869, p. 156.

<sup>251k</sup> Ibid., 1863, p. 28, quotes act.

The bank tax was further and chiefly diminished by the surrender of their charters on the part of many banks which went into the national banking system. This tax ceased in 1869.<sup>251*i*</sup> It was succeeded by the savings bank tax created in 1872. It was not until five years after the passage of the act establishing the Permanent School Fund, that the bank tax had been devoted to the support of public schools, but during the eighteen years prior to the first distribution of the revenue of the Permanent School Fund the bank tax continued to be the chief source of state school support.

An Act passed by the legislature, February 23, 1828, entitled, "An Act Providing for the Promotion of Education"<sup>252*g*</sup> author-

**Permanent  
School Fund  
Created by  
Legislature  
Feb. 23, 1828**

ized the land agent under the advice and direction of the governor and council to sell any number of townships of land not exceeding twenty, already surveyed and not otherwise appropriated. The

land agent was required to pay into the treasury of the state all sums received from the proceeds of these lands, and to keep a separate account of them and of all notes received in lieu of payment, the same to constitute a Permanent School Fund, to be reserved for the benefit of primary schools.<sup>252*h*</sup> This act further provided that "the excess over and above what the State may then owe" of all moneys received by Maine from Massachusetts on account of war claims against the United States for services rendered in the War of 1812, should constitute a second source of the original principal of this fund. However, the Permanent School Fund was deprived of this latter source by a repeal act passed March 11, 1835.<sup>252*i*</sup> On the date of the passage of the act creating the Permanent School Fund, February 23, 1828, thirteen townships were reserved, seven less than the maximum number the law allowed.<sup>252*k*</sup> August 24, 1850, twenty-two years

<sup>252*g*</sup> Laws 1828, Chap. 403. Citation taken from Maine Revised Statutes, 1840, p. 170, marginal reference.

<sup>252*h*</sup> Me. School Report, 1855, p. 15.

<sup>252*i*</sup> Ibid., 1901, p. 52.

<sup>252*j*</sup> Computed from data given in Me. School Report, 1857, p. 17.

<sup>252*k*</sup> Me. School Report, 1855, p. 16.

after the creation of this fund and one year before the first distribution of its revenue, provision was made that twelve more townships should be reserved.

**First Sale  
of Lands**

This resolve was carried into effect in 1856 (see below, "Lands Reserved, 1856"). The total amount of land thus set aside was 726,625 acres.<sup>252i</sup> No moneys were received into the treasury for the Permanent School Fund, by virtue of this act until 1838. In that year \$2,813.66 was paid into the treasury.<sup>252h</sup> No

distribution of the revenue was made until 1851, when \$6,255 was appropriated to the towns for the benefit of the elementary schools. It is evident that although thirteen townships had

**First Distribution  
of Revenue, 1851**

been reserved in 1828, they were not selected at that time, for in 1834, the land agent was directed to make a selection of the said townships, sell them, and pay the proceeds into the State Treasury. The proceeds of the lands sold up to 1855 amounted to \$238,239, and the estimated value of the unsold land was \$40,000, making the total value of original fund \$278,239.<sup>252k</sup>

From what has been said it appears that while the town funds arose out of the original provisions of the Articles of Separation and the constitution of the state of Maine, the Permanent School Fund owes its origin solely to an act of legislature of Maine. No provisions concerning it have ever been made by any subsequent constitution or amendment thereto.

**No Constitutional  
Provisions**

The management of the Permanent School Fund is intrusted to the legislature; the State Treasurer keeps account of it. "The State used the money received for the credit of the Permanent School Fund and pays six per cent interest for its use."<sup>252l</sup> The rate of interest was fixed at six

**Growth \***

\* Maine received \$955,838.25 as her share of the United States Surplus Revenue, distributed in 1837. This sum was given to the cities, towns, and plantations, some of which it devoted to schools; none of it was added to the State Permanent School Fund. J. Eaton, *National Aid to Education*, U. S. Bureau of Education, Circular of Information, No. 2, 1879.

<sup>252l</sup> Extract from personal letter from State Treasurer, Oct. 28, 1904.

per cent by an act passed in 1849 and by subsequent acts.<sup>252m</sup> The sources which have contributed to the growth of the Common School Fund other than those provided for by the act which created it, are (1) lands reserved, 1856; and (2) twenty per cent of future sales of public lands, 1857. In 1850 the legislature passed a Resolve authorizing the land agent to set apart and reserve under the advice

**Lands Reserved,** and direction of the governor and council twenty-  
1856 four half townships of undivided state lands as a

permanent fund, for the benefit of common schools.<sup>252n</sup> No steps were taken up to 1855 to carry out the provisions of this resolve.<sup>252k</sup>

April 9, 1856, the legislature carried into effect the Resolve of 1850 by authorizing the land agent to select and set apart these twenty-four half townships, and to select not more than one township of such reserve lands during each year.<sup>252o</sup> It was provided 1857<sup>252p</sup> that twenty per cent of all money hereafter accruing from

**Increased by** the sale of public lands shall be paid over to the  
20 per cent of all  
**Public Land** Treasurer of State, and said proceeds shall be  
**Sales** appropriated as a Permanent School Fund for the

benefit of common schools, the interest of which shall be paid over annually for their use, in the same manner as the interest on the school fund is now paid.<sup>252q</sup> No such sales were made until 1863, in which year the treasurer's account shows that \$29,796.75 were received from the land office for general sales.<sup>252r</sup> March 21, 1864, an act was approved which appropriated the timber and lumber on ten townships of wild land for the term of ten years, to increase the School Fund.

In 1866 the legislature resolved "that the residuary interest of the State in the public lands shall be applied in aid of the Permanent

<sup>252m</sup> Laws, 1854, Chap. 104, Sec. 6; 1833, Revised Statutes, Chap. 11, Sec. 117; School Law, 1901, Sec. 117.

<sup>252n</sup> Me. Resolves, 1850, Chap. 282, p. 245; Me. Law, 1850, approved Aug. 24, 1850.

<sup>252o</sup> Resolves of the State of Me., Ch. 380, p. 355; Me. Laws, 1856; also Me. School Report, 1857, p. 16.

<sup>252p</sup> Act, 1857, Apr. 13.

<sup>252q</sup> Me. School Report, 1857, p. 17.

<sup>252r</sup> Ibid., 1863, p. 175.

School Fund of the State.” Two years later the ten townships whose timber and lumber had been devoted to school purposes in 1864, were now themselves added to the Permanent School Fund by a Resolve<sup>252s</sup> which directed the land agent within six months of the passage of the Resolve to set apart the ten townships devoted to school fund purposes, by the Resolve of March 21, 1864. The last attempt to increase the principal of the school fund was made in the year 1872 when the law establishing the school mill fund provided that all portions of said fund not distributed or expended should at the close of the financial year be added to the Permanent School Fund.<sup>252t</sup>

As has already been stated, the first distribution of the revenue of the Maine Permanent School Fund took place in 1851, when \$6,255 were distributed among the towns for the benefit of common schools. The law did not provide any way to compel the towns to share in the

School Fund revenue. The first condition required by law to be fulfilled in order to receive a share of the Permanent School Fund revenue was that the towns should submit school returns. The law of 1850 provided that towns from which no returns are received by the Secretary of the State by the tenth of April shall receive no portion of the Permanent School Fund.<sup>252u</sup> The law of 1869 provided that returns should be submitted to the State Superintendent by the school superintending committee or supervisors. These returns must state the number of scholars to serve as a basis of apportioning the School Fund revenue.<sup>252v</sup> In 1873 it was provided that the School Fund revenue should be withheld from any town neglecting to raise and expend the school money required by law, or faithfully to expend the school money received from the state.<sup>252w</sup> In 1899 the first four of the following requirements were laid upon the town as condition-

<sup>252s</sup> Resolves, 1868.

<sup>252t</sup> Laws, 1872, Chap. 43.

<sup>252u</sup> Acts, 1850, Chap. 123, Art. X, Sec. 6.

<sup>252v</sup> Laws, 1869, Chap. 13.

<sup>252w</sup> Me. School Report, 1901, p. 88.



ing their participation. By the law of 1901,<sup>252x</sup> the governor and council were authorized to withhold the State School Fund from towns neglecting to (1) raise and expend the school money required by law; (2) to examine teachers as prescribed by law; (3) to have instruction given in the subjects prescribed by law; (4) to furnish suitable text-books (free text-book law passed 1889); (5) to faithfully expend school money received from the state; (6) to maintain all of the town schools not less than twenty weeks annually. The law of 1905 required the fulfilment of these six conditions and added two others; (7) to submit to the Superintendent of Public Schools the returns required by law; (8) to pay any state tax assessed upon such town, and to comply with all laws prescribing the duties of towns in relation to public schools.<sup>253</sup>

From 1851 to 1901 the interest of the Permanent School Fund was apportioned among the towns upon the basis of the number of persons therein between the ages of four and twenty-one. This mode of apportionment continues except that the school age at present is five to twenty-one years.<sup>252A</sup>

The purpose of the Permanent School Fund was to aid in the support of schools. There was no thought that it should ever support the schools of the state. The law was very slow to state the specific objects to which the fund might be applied. It has rather followed the democratic tendencies of New England and left it largely to the towns to decide. The law of 1876, chapter 68, required municipal officers to make sworn returns of all amounts received or expended for school purposes, but did not call upon them to specify the objects to which the moneys had been applied.<sup>252y</sup> The laws in general have merely stated that the revenue was to be applied for the support of public schools, and does not seem to have interpreted the term "support," but has rather left the interpretation to the State Superintend-

<sup>252x</sup> Me. School Law, 1901, p. 6, Sec. 7.

<sup>252A</sup> Revised Statutes, 1840, Chap. 11, Sec. 50; Ibid., 1883, Chap. 11, Sec. 118; Me. School Law, 1901, Sec. 117; Ibid., 1905, p. 39, Sec. 122.

<sup>252y</sup> Me. School Report, 1901, p. 89.

<sup>253</sup> Ibid., 1905, p. 35; Sec. 10, pp. 7, 8, Secs. 16, 17.

ent of Schools, or to other school authorities. The present law, however, names seven objects as the only ones to which the income of the Permanent School Fund shall be devoted: (1 and 2) wages and board of teachers; (3) fuel; (4) janitor's service; (5) conveyance of pupils; (6) board of pupils; (7) tuition. From this it will be seen that this revenue cannot be applied to (1) the erecting or (2) repairing of buildings, or the purchase of (3) school property, (4) apparatus, or (5) text-books, (6) or insurance. Moneys for these purposes must be raised by town tax.<sup>252z</sup>

We are unable to enter here into any lengthy discussion of the effects of the Maine Permanent School Fund. In general its effects can be classed in two groups: first, the increase in the requirements which it has been possible for the state to place upon the towns, and second, the increase in the number of objects to which towns may apply their portion of the school fund. Regarding the first it is noteworthy that starting with the simple requirements of towns submitting annual returns, we find an increase in the exactions until it may be said to govern nearly every important phase of organization.

We can better understand what the effect of the school fund has been upon the school system if we pause long enough to trace the history of school returns. No returns were required by the first school law of 1821. The law of 1827 required that selectmen of towns make returns once in three years to the Secretary of State on blanks furnished by him. The returns thus secured were very imperfect, and no apportionment of school money was made on returns from the towns prior to 1833.<sup>252B</sup> In 1837 an act was passed providing for annual returns from town selectmen, and plantation\* overseers to serve as a basis of distribution of bank taxes.<sup>252C</sup> The same act provided that the Secretary of State should make an abstract of returns, but

\* Plantation is a term applied to a town prior to its becoming incorporated as a town.

<sup>252z</sup> Me. School Law, 1905, p. 8, Sec. 19.

<sup>252B</sup> Me. School Report, 1901, pp. 48-49.

<sup>252C</sup> Ibid., pp. 52-53.

the returns proved so unreliable, that the Resolve of 1838 was repealed 1842. In 1840 school returns were made the basis of distribution of the school fund.<sup>252D</sup> The first reliable school returns were made in 1847 at the second session of the Board of Education by its secretary.<sup>252E</sup>

What has been said is sufficient to show the broad sphere of influences which the Permanent School Fund has exerted. In our para-

**Relation to  
Present Means  
of Support** graph upon the importance of the School Fund, we have pointed out the relative amount which it has contributed toward total expenditure. This

is one way of indicating its relation to other means of support. The means of support since the establishment of the Permanent School Fund have included all the local means which existed prior to its establishment. The bank tax existed until 1869, the savings bank tax was established in 1872, and the mill or state tax was established also in 1872. We have already given the history of the state bank tax. The savings bank tax or fund established by the legis-

**Savings Bank  
Tax, 1872** lature, 1872, succeeded the state bank tax. It was a semiannual tax of one-fourth of one per cent on the total amount of deposits in all the savings banks of the state as returned to the State Treasurer the first of May and of November in each year, and payable to the treasurer within ten days thereafter.<sup>252F</sup> This is apportioned by the State Treasurer in the same manner as the School Fund interest. In 1872 only one-half of the revenue was available. The amount as returned in May and apportioned July, 1872, was \$57,334.<sup>252F</sup> In July, 1873, the first following year, the revenue was apportioned for November, 1872, and May, 1873.<sup>252F</sup>

The school mill fund was a tax established by legislature 1872, of one mill per dollar upon all property in the state levied for the

**School  
Mill Fund** support of common schools. The school mill fund for 1873, the first year after its establishment was \$224,530. The savings bank fund for that year was

<sup>252D</sup> Ibid., p. 53.

<sup>252E</sup> Ibid., p. 60.

<sup>252F</sup> Me. School Report, 1872, p. 10.

\$120,000. The Permanent School Fund revenue for that same year was \$19,000.

The history of the Maine Permanent School Fund has been traced and some of its effects upon the school system have been suggested. It might be said in closing that it would seem that in view of the rural nature of the population of Maine, and the difficulty of her present educational situation, some means of increasing this fund and thereby increasing the leverage which can be exerted by state authority upon local communities, would be very desirable. Maine has no need to be ashamed of her history of school support; on the contrary, she has much to be proud of, and it is safe to say that the effectiveness of her present system is largely due to the centralizing, though unobtrusive influence exerted during the last half century by the Permanent School Fund.

Three sources are at present provided by law for increasing the principal of the Maine Permanent School Fund: (1) the proceeds of the sales of public school lands;<sup>255</sup> (2) moneys appropriated by legislature for this purpose;<sup>255</sup> (3) any balance of the school mill fund remaining at the close of the financial year.<sup>254</sup> Both principal and revenue of the fund remained stationary from 1885 to 1906, but in this year the principal was increased to \$445,625 by adding to the former amount (\$442,754) certain balances unexpended that had accumulated during a few years previous.<sup>249, 250</sup>

**Management** The investment of the fund is under the direction of the state legislature. The State Treasurer keeps the account of it.<sup>247</sup>

**Apportionment** The revenue is apportioned annually by the Treasurer among the towns upon the basis of school population<sup>255</sup> (five to twenty-one years<sup>253</sup>).

<sup>254</sup> Ibid., p. 40, Sec. 127.

<sup>255</sup> Laws of Maine Relating to Public Schools, compiled 1905, p. 39, Sec. 122.

## CHAPTER XXVIII

### MARYLAND

#### FREE SCHOOL FUND

The official titles of the Maryland permanent common school fund are Free School Fund and Common Free School Fund.<sup>257</sup>

**Title.** In 1906 the principal amounted to \$458,037.70<sup>257</sup>  
**Condition, 1906** and the annual revenue derived therefrom to \$50,980.14<sup>257</sup> which is approximately one and five-tenths (.0146\*) per cent of \$3,486,235.86,<sup>257</sup> the total common school revenue from all sources for that year. The principal is invested chiefly in state bonds, national bank and railroad bonds and stocks carried at face value, though in reality worth more.<sup>257</sup> The worth of these securities depends upon their intrinsic value and not upon the will of the state as do those of many other states.<sup>257</sup>

Maryland made her first effort to provide for a permanent common school fund by certain legislation in 1812. "The charters of the banks in the State were extended to the year 1835 and they were required to pay annually \$20,000, which was 'pledged as a fund for the purpose of supporting county schools.'"<sup>258</sup> The fund was finally established in the year 1813 by an act which levied a twenty cent tax on every \$100 of the capital stock of the banks of the state.<sup>259</sup> The proceeds of this bank tax were invested in bank stock, a small portion of which was placed to the credit of the fund itself, but most of which was placed to the credit of the several counties.<sup>260</sup> In 1837 Mary-

\* Computed.

<sup>257</sup> Statement received Mar. 20, 1907, from B. K. Purdum, Asst. State Supt. of Education.

<sup>258</sup> B. C. Steiner, *History of Education in Maryland*, U. S. Bureau of Education, Circular of Information, No. 2, 1894, p. 55.

<sup>259</sup> Laws of Maryland, 1813, Chap. 122.

<sup>260</sup> Laws of Md., 1820, Chap. 182. See also Controller's Reports for 1853 and following years.



land received from the United States \$955,838.25, as her share of the Surplus Revenue distributed as the result of the act of Congress, passed June 23, 1836.\* By Acts of 1836 and 1837 Maryland devoted annually to the support of free schools \$34,069,<sup>261</sup> the interest on \$681,387.<sup>262</sup> This practically amounted to reserving this sum as a permanent common school fund or deposit; for, as explained in Part I, Chapter III, though this money was a loan to the states it has never been recalled and probably never will be. Section 1, Chap. 295, Laws of 1858, directed the State Treasurer to invest \$169,979.26 (interest received as due on Maryland's loan to the U. S. in the late war) in safe stocks and bonds and to distribute the revenue among counties and cities in the same manner "as the Free School Fund is now or may hereafter be distributed."

In 1840 the principal from which the \$34,069 was derived was appropriated to pay state debt interest. The State Controller states that it can scarcely be said that this fund

**Loss** was lost as it was directed that the above \$34,069 be paid from the annual revenue of the Baltimore & Washington Railroad, Acts, 1839, Chap. 33,<sup>263</sup> but Bourne considers the fund practically lost and writes that the interest is really raised by taxation.<sup>262</sup> A second loss was occasioned by the changing of state banks to national banks and their refusal thereafter to pay the twenty cent tax.<sup>263</sup>

**Present Sources of Increase** The present constitution and laws of the state make no provision for increasing the principal of the Free School Fund.

**Apportionment** The revenue is apportioned by the State Controller among the counties of the state and the city of Baltimore upon the basis of total (school) population (five to twenty years of age).<sup>264</sup>

\* See Part I, Chap. III.

<sup>261</sup> Md. Controller's Report, 1877-78, p. VII.

<sup>262</sup> Bourne, E. G., *History of the Surplus Revenue of 1837*, pp. 73 and 122.

<sup>263</sup> Md. Controller's Report, 1869, p. vi.

<sup>264</sup> Public School Laws of Maryland, 1892, p. 28, Secs. 101, 102.

The decision of the State Board of Education is that "the state  
**Lawful Objects** school tax and free school fund are permanently  
intended to pay the salaries of teachers . . . and  
to provide school books and stationary for the children of the  
state." <sup>265</sup>

<sup>265</sup> Public School Laws of Md., 1892, p. 8, Sec. 22.

## CHAPTER XXIX

### MASSACHUSETTS

#### MASSACHUSETTS SCHOOL FUND

Massachusetts School Fund is the official title of the permanent common school fund of Massachusetts.<sup>267</sup> In 1905 the principal of the fund amounted to \$4,880,110.66 and its annual income \$219,881.54, approximately, one and two-tenths per cent (.0121)\* of \$18,131,529.01, the total common school revenue from all sources for that year. The principal is kept as a distinct and separate fund, invested in negotiable securities, chiefly city and town bonds and notes and \$275,000 of railroad bonds.<sup>268</sup>

Peculiar interest is attached to the history of this fund for several reasons. In the first place, in many states, a state permanent school fund has preceded and has been the chief lever for securing local taxation. In Massachusetts local taxation, previously permissive, was made compulsory in 1827, seven years before the establishment of the school fund.<sup>268</sup> Second, the establishment of the Massachusetts School Fund was the recognition on the part of a state which had succeeded

Explanation of abbreviations used in foot-notes in Chapter XXIX:

Rept.= Annual Report of the Board of Education (Bd. Ed.) of Mass.

Sec. Rept.= Report of the Secretary in Annual Report of the Board of Education of Mass.

In the earlier reports, the reports of the Sec. and the Bd. are paged separately, though bound in one volume.

29th Rept., p. 2, or 29th Rept., 1864-65, p. 2=Bd. Ed. 29th Rept. for the year 1864-65, p. 2.

\* Computed.

<sup>266</sup> Statements received Sept. 5, 1906, from Geo. H. Martin, Sec. Mass. State Board of Education, and from the Mass. State Treasurer.

<sup>267</sup> Mass. Revised Laws, Chap. 41, Sec. 1.

<sup>268</sup> Laws, 1827, Chap. 143, Sec. 4.

in securing free schools, that without a state permanent school fund no effective school system was possible. Third, scarcely any other fund shows so rapid an evolution and such ready adaptiveness to changing conditions, from whatever point it may be viewed. These last two statements are supported by many facts among which might be noted here, the increase of the limit of the principal, originally fixed at one million and increased until it is now five million dollars. Fourth, it was never the aim of those endeavoring to establish or increase the fund to secure a fund of such proportions that its revenue would relieve the local community of the larger part of the burden of supporting their schools. This is shown both by the limit placed upon the principal of the fund and by the provision of the law of 1834 which forbade any town to receive from the income of the Massachusetts School Fund an amount greater than that which it raised by local taxation.

Four means of support of public schools were employed in Massachusetts prior to 1834, the year of the establishment of the School Fund, as follows: (1) gifts; (2) tuition; (3) local or town funds, including rents of school lands; (4) local taxation. It is sufficient here to note that these forms of school support had all existed from colonial days, and that they were all local, as opposed to state, in origin.\* It has been asserted some times that the schools of Massachusetts were universal and free from 1647, but there was no prevailing or uniform system of supporting schools prior to 1827. Local taxation, prior to 1827 was permissive only, and before this time each town or district was left to work out its own salvation according to its own peculiar will and plan. The year 1827 marks for Massachusetts what the year 1867 marks for New York and 1868 for Connecticut, the legal abolishment of support of schools by tuition (rate bills). In that year the towns were authorized and empowered, as before, but for the first time directed to raise by town tax the money necessary for the support and maintenance of such schools as the law required.<sup>268</sup>

**Public School  
Support Prior  
to School Fund**

\* For a discussion of early sources of school support consult Part I, Chapter II.

All provisions (up to 1895) relative to this fund have been statutory rather than constitutional. In January, 1828, "the Committee

on Education, of the House of Representatives, in a report made by the Hon. W. B. Calhoun declared 'that means should be devised for the

establishment of a fund having in view not the support but the encouragement of the common schools and the instruction of school teachers.'"<sup>269</sup> In February, 1828, the same committee specifically

states that a fund sufficient to support common schools and normal schools would injure the school system and decrease the public interest in it and cites Connecticut as an example of this, but that a fund sufficient to give the towns about one-third the amount they themselves raised would be an incentive to interest and effort. A bill for the establishment of the Massachusetts Literary Fund accompanied this report. This bill dealt, among other things with the proportionate amount of the income of the fund to be distributed to the several towns. This bill failed to become a law.

In January, 1833, Mr. Marsh of Dalton, introduced an order into the House of Representatives. The House appointed a committee "to consider the expediency of investing a portion of the proceeds of the sales of the lands of this Commonwealth, in a permanent fund, the interest of which should be annually applied, as the legislature should from time to time direct, for the encouragement of common schools.'"<sup>269</sup> This order was adopted and was the "incipient measure that led to the establishment of the Massachusetts School Fund."<sup>269</sup> January 23, 1833, Mr. Marsh submitted the report of the committee. The committee had expected that "all moneys then in the treasury derived from the proceeds of the sales of public lands and the entire proceeds of all subsequent sales" were to be devoted to this fund.<sup>269</sup>

They expected that the fund would amount to \$1,634,418.32 and its annual income to \$98,065.09, or about seventy cents to each child, five to fifteen years, in the state. This estimate was made as follows:<sup>269</sup>

<sup>269</sup> G. S. Boutwell, "Mass. School Fund, Its Origin and History," in *Board of Education of Mass. Report*, 1859, pp. 38-47.



Cash and notes on hand, . . . . .	\$ 234,418.32
Avails of 3,500,000 acres of land at 40c. an acre,	1,400,000.00
	<hr/>
	\$1,634,418.32

After the above bill had been read twice, Mr. Marsh made a motion which was carried that the bill be referred to the next legislature.

"In 1834 the bill from the files of the last general court, to establish the Massachusetts School Fund . . . was referred to a Committee on Education. The chairman of the committee, Hon. A. D. Foster of Worcester, made a report in February and submitted a bill which was the basis of the law" by which the Massachusetts School Fund was finally established.<sup>269</sup>

Massachusetts  
School Fund  
Established  
1834

On March 31, 1834, was passed the law which established the fund and which reads:

"Sec. 1. *Be it enacted by the Senate and House of Representatives in the General Court assembled, and by the authority of the same,* That from and after the first day of January next (1835) all monies in the treasury derived from the sale of lands in the State of Maine and from the claim of the State on the government of the United States for military services, and not otherwise appropriated, together with fifty per centum of all monies thereafter to be received from the sale of lands in Maine, shall be appropriated to constitute a permanent fund for the aid and encouragement of common schools; *provided*, that said fund shall never exceed one million of dollars.

"Sec. 2. *Be it further enacted,* That the investment of the monies hereby appropriated shall be made by the treasurer and receiver general with the approval of the governor and council first obtained.

"Sec. 3. *Be it further enacted,* That the income only of said fund shall be appropriated to the aid and encouragement of common schools, and that a first and equal distribution thereof shall be made to the City of Boston and the several towns and districts in the Commonwealth, in such manner as the legislature shall hereafter appoint; *provided*, that there shall never be paid to any city, town or district a greater sum than is raised therein respectively for the support of common schools." Approved by the Governor, March 31, 1834.<sup>270</sup>

The original sources of the principal of the Massachusetts

<sup>270</sup> Mass. Laws, 1834, Chap. CLXIX.

School Fund are thus seen to be all moneys in the state treasury  
**Original** January 1, 1835, derived from (1) claims on the  
**Capital** national government for military services; (2)  
 proceeds of the sales of state lands in Maine. The origin of these  
 Maine lands may be stated briefly:

Chapter 287, Acts of Massachusetts 1820, provided that Maine, then a district of Massachusetts, be erected and organized into a separate state. The joint title of Massachusetts and Maine covered about 6,000,000 acres of land, lying in Maine. By the terms of the original Act of Separation one-half of this land went to Massachusetts.<sup>270 A</sup>

As stated above, it had been expected that the proceeds of the sales of Massachusetts' Maine lands would amount to \$1,400,000.

**Growth of the Fund** At the close of the first year after its establishment, 1835, the principal of the fund derived from the sale of Maine lands, was \$514,906, a little more than half the

**First Source of Increase. Maine Lands, 1834-1853** amount permitted by law. The fund's revenue for 1835 was \$16,331.<sup>270 a</sup> In 1850, fifteen years later, the School Fund amounted to \$958,921,<sup>270 b</sup> almost the limit fixed by the act of 1834. Its revenue for 1850 was about \$45,000.<sup>270 b</sup> In 1851 "in contemplation of a large sale

**Limit of Fund Increased to \$1,500,000, 1851** of lands" the limit of the principal of the fund was changed from \$1,000,000 to \$1,500,000.<sup>270 b</sup> The Maine lands were exhausted at the close of 1853, at which time the principal of the School Fund amounted to \$1,244,284.<sup>270 b</sup>

In 1854 provision was made for the increase of the fund by the transfer of "such a number of the shares held by the common-wealth in the Western Railroad Corporation as will, at the rate of one hundred dollars a share increase the principal of the said Fund to the amount of one million five hundred thousand dollars."<sup>270 c</sup> The

<sup>270 A</sup> Mass. Laws, 1819, Chap. 161, Sec. 1.

<sup>270 a</sup> Sec. Report, 1845, p. 22; Report, 1851, pp. 12-14.

<sup>270 b</sup> Thirty-ninth Report, 1874-75, pp. 7, 137; for full account see also Sec. 20, Report, 1857, p. 70.

<sup>270 c</sup> Laws of 1854, Chap. 300; Fifty-fifth Report, 1890-91, p. 189.

law of 1854 further provided for increasing the School Fund capital from the revenue itself. Previous to this time the entire

Third Source  
of Increase.  
Fund's Own  
Income, 1854

annual income of the fund was distributed among the cities and towns for the direct "aid and encouragement of common schools," while appro-

priations for general educational purposes\* were paid out of the moiety of the proceeds of sales of public lands, and if these were not sufficient, the deficiency was made up by a payment from the invested principal of the School Fund.<sup>270e</sup> Briefly stated then, these general educational expenses were paid, 1846 to 1854, out of proceeds which in some cases should have contributed to the principal, or out of the principal itself. The law of 1854 met both of these conditions, and so provided for a double means of increasing the fund. It provided that the annual income of the School Fund should be divided into two halves. The first half to be paid to towns and cities for the use and support of common schools. The second half was devoted to two uses: (1) it should be used to pay all general educational expenses not otherwise specially provided for by law; (2) any balance of this half was to be added to the principal of the fund until the principal should amount to \$2,000,000.<sup>270f</sup> As a result of these different provisions for its increase, the fund amounted in 1856 to \$1,627,467.<sup>270g</sup> This was nearly a million dollars increase since 1845 when its principal was only \$789,389<sup>270h</sup> and its annual income was \$28,966, while in 1855-56 its income was \$90,566.<sup>270g</sup>

In 1859 it was provided that "all the avails of the moiety of the sales of certain Back Bay lands (made land)<sup>270i</sup> be added to the

\* General educational expenses included chiefly<sup>270d</sup> (1) salary Sec. Bd. Ed.; (2) salaries agents Bd. Ed.; (3) support of three normal schools and four normal art schools; (4) teachers' institutions; (5) printing reports; (6) building and repairing normal school-houses and boarding-houses; (7) incidental expenses, Board of Education, whose members act without salary.

<sup>270d</sup> Thirty-ninth Report, 1874-75, p. 7.

<sup>270e</sup> Laws, 1819, Chap. 219, Sec. 2.

<sup>270f</sup> Laws, 1854, Chap. 300, Sec. 3.

<sup>270g</sup> Sec. 20, Report 1857, p. 70.

<sup>270h</sup> Secretary's Report, 1845, p. 33.

<sup>270i</sup> Mass. Resolves, 1852, Chap. 79, 2d Resolve.

Massachusetts School Fund.”<sup>270k</sup> The sum added to the principal of the fund from the proceeds of the sales of these lands

**Fourth Source of Increase.** 1859-64 was \$456,930.<sup>270l</sup> This was “less than Back Bay Lands, 1859-1864 fifteen per cent of the estimated profits of the enterprise.”<sup>270l</sup> The entire profits of this land, with the exception of \$505,000 was originally pledged to the School Fund by the legislation of 1859.<sup>270m</sup>

The School Fund amounted to \$2,087,107.01, January 1, 1882.<sup>270n</sup> During this year about \$624,000 was added to the principal<sup>270l</sup>

**Fifth Source of Increase.** by “an exchange of Boston & Albany Railroad stock for bonds of the same corporation at a premium.”<sup>270o</sup> \$624,000 from Stock Exchanged for Bonds, 1882 December 31, 1882, the principal had reached \$2,711,263 and its net income for that year was \$137,465.34. Chapter 335, Section 1, Acts of 1890, provided that “Any moneys which may hereafter be

**General Provision for Increase, 1890** received into the treasury of the commonwealth from the general government, the disposition of which is not otherwise provided for, shall be paid into the Massa-

**Seventh and Eighth Sources of Increase.** War Claims. U. S. Direct Tax, 1891 chusetts School Fund.” In 1891 the principal of the fund was increased “by the United States war claims collected, amounting to \$12,043.73 and by \$696,407.88 from United States direct tax of 1861, recently refunded,” a total of \$708,451.61,<sup>270l</sup> making the principal of the fund \$3,665,761.88 in 1891, and its income \$138,625.<sup>270o</sup>

An important means of increasing the principal of the School Fund was provided for in 1894 by Chapter 90, Resolves of 1894,

**Ninth Source.** which “*Resolved*, That there shall be paid into the Massachusetts School Fund out of the treasury of the commonwealth, the sum of one hundred thousand dollars annually, until the principal of said fund shall amount to the sum of five million dollars.” This annual amount was first added to the principal in the school year, 1893-94,

<sup>270k</sup> Acts, 1859, Chap. 154; Sixty-fourth Report, 1899-1900, p. 266.

<sup>270l</sup> Fifty-seventh Report, 1892-93, p. 102.

<sup>270m</sup> Secretary's Report, 1866, p. 66, gives full account.

<sup>270n</sup> Sec. 46, Report, 1881-82, p. 58.

<sup>270o</sup> Sixtieth Report, 1895-96, p. 214.

when the principal amounted to \$3,770,548.11 and its annual income to \$167,210.11.<sup>270p</sup>

In 1893 a chain of action was begun<sup>270q, 270r</sup> by which the income of the School Fund was supplemented in 1901 from the excess of income of the Fitchburg Railroad Securities Loan Sinking Fund<sup>270r</sup> by \$150,000, and which will continue to add \$25,000 annually to the income of the School Fund until 1937 provided this legislation remains undisturbed.<sup>270t</sup> In 1893 it became necessary for the state to take some action for the proper disposal of the securities in several sinking funds pledged for the redemption of state bonds, which would become due in 1894. Among these securities were bonds of the Fitchburg Railroad Company, amounting to \$5,000,000. Owing to the financial condition of the country at this time, it did not seem best to offer these bonds for sale. Therefore under the authority of the legislature, the treasurer and receiver-general issued scrip known as the Fitchburg Railroad Securities Loan, to the amount of \$5,000,000.<sup>270q</sup> For the redemption of this scrip there was established a sinking fund, known as the Fitchburg Railroad Securities Loan Sinking Fund, into which were put the \$5,000,000 worth of Fitchburg Railroad Company bonds, and also 50,000 shares of Fitchburg Railroad common stock nominally worth \$5,000,000, but regarded as almost if not entirely valueless.<sup>270t</sup>

Provision was made in 1893 that the excess of the income of the aforesaid sinking fund be assigned not to the principal, but to the income of the Massachusetts School Fund.<sup>270q</sup> By the sale, as provided for by Chapter 426, Acts of 1900, of the 50,000 "previously unproductive shares of common stock of the Fitchburg Railroad Company to the Boston & Maine Railroad Company, this sinking fund acquired \$5,000,000 worth of gold bonds bearing three per cent interest. The productive securities of the fund were thus

<sup>270p</sup> Fifty-eighth Report, 1893-94, pp. 126 and 436.

<sup>270q</sup> Acts of 1893, Chap. 408.

<sup>270r</sup> Acts of 1901, Chap. 223.

<sup>270t</sup> Sixty-fifth Report, 1900-01, pp. 126-128.



raised to \$10,000,000, double the amount required for the fund. The legislature, on April 2, 1901, authorized the transfer of these Boston and Maine gold bonds from the Fitchburg Railroad Securities Loan Sinking Fund to such other sinking funds as might be directed by the governor and council.<sup>270r</sup> The transfer was not made until the bonds had remained a year in the Fitchburg Railroad Securities Loan Sinking Fund, and not until the excess of the income payable to the income of the School Fund had risen to \$175,000. Since the annual amount derived from this excess and added to the School Fund income was about \$25,000 for several years the additional sum received, 1901, from the excess for 1901, amounted to \$150,000. One-half of this \$150,000 was paid to the School Fund towns January, 1902, in addition to the half of the income of the School Fund.

As already noted the entire profits of the sales of the Back Bay lands with the exception of \$505,000 were originally pledged to the School Fund by the legislation of 1859.<sup>270k</sup>

**Loss and Diversion** "Had this legislation been permitted to stand, the School Fund would have been increased to five million dollars," but after 1864 nothing was added to it from this source.<sup>270m</sup> The amount added 1859-64 was \$456,930,<sup>270i</sup> "less than fifteen per cent of \$3,066,652, the estimated profits of the enterprise."<sup>270i</sup> In 1861 a diversion from the fund was made "when \$232,790 was given in the form of (Back Bay) land to the Massachusetts Institute of Technology and the Boston Society of Natural History."<sup>270i</sup> Other diversions were made.<sup>270m</sup> Finally, from 1864 on, all profits of Back Bay lands were diverted from the School Fund to a sinking fund created for the payment of scrip issued by the state in 1864

**Effect of Civil War on Fund** to meet its Civil War claims and debts. The necessity of providing means for the payment of the large sums spent by the state during the late Civil War for recruiting and transporting soldiers, led the legislature to provide for the creation of a fund by the issue of state scrip, not to exceed ten million dollars, called the Massachusetts Bounty Fund.<sup>270u</sup> The legislature also created a sinking fund for the payment. Provision

<sup>270u</sup> Sec. Forty-sixth Report, 1881-82, p. 58.

was made that all further profits of the Back Bay lands should be diverted to this sinking fund as soon as the School Fund shall have reached the amount of \$2,000,000<sup>270v</sup> and after 1864 the School Fund was not further increased from this source, although it was not until January 1, 1866, that the fund amounted to \$2,000,000,<sup>270w</sup> the limit set by the law of 1854.

Massachusetts received \$1,338,173.58 as her share of the Surplus Revenue distributed by the federal government as a loan to the United States states in 1837. Massachusetts distributed two-thirds (except \$2,500) of her share among the towns, authorizing them to "apply the money so deposited with them or the interest upon the same, to those objects of public expenditure for which they may now lawfully raise and appropriate money, and to no other purpose."<sup>272</sup> "Many of the towns bestowed the Surplus Revenue Fund or its income on the public schools, but, the records of town grants being inaccessible, it is impossible to show the entire amount expended in that way." Because these are *local* funds and because the scope of this work includes only permanent *state* funds it is sufficient to say here that in 1902 the aggregate principal of Massachusetts local school funds amounted to \$1,121,987.55, and the annual income from the same to \$55,172.21.<sup>273</sup>

The act creating the School Fund directed that it be invested by the Treasurer and receiver-general of the commonwealth, subject to the approval of the governor.<sup>270</sup> This form of management continued from 1834 to 1866. In 1866, as the fund had accumulated to \$2,000,000 and the duties of the treasurer had greatly increased, it was deemed wise to associate with him an executive officer of the Board of Education to aid in the investing and management of the fund. Consequently, in this year, the management was trans-

United States  
Surplus Revenue  
Devoted to  
Local Funds<sup>271</sup>

Management of  
Massachusetts  
School Fund

<sup>270v</sup> Mass. Acts, 1864, Chap. 313, Sec. 3.

<sup>270w</sup> Sec. Thirtieth Report, 1866, p. 69.

<sup>271</sup> J. Eaton, *National Aid to Education*, U. S. Bureau of Education, Circular of Information, No. 2, 1879, p. 22.

<sup>272</sup> Mass. Laws, 1837, Chap. 85.

<sup>273</sup> Report, 1900-01, p. 127.

ferred into the hands of special commissioners, the secretary of the Board of Education and the treasurer and receiver-general.<sup>274</sup> This is the present (1905) form of management.<sup>275</sup>

"The secretary of the Board of Education and the treasurer and receiver general shall be commissioners, who shall invest and manage the fund and report annually to the general court the condition and income thereof. The premiums on any securities purchased for said fund, to an amount not exceeding in any one year fifty thousand dollars, may be paid from any money in the treasury of the commonwealth, not otherwise appropriated. All investments shall be made with the approval of the governor and council."<sup>275</sup>

Four sources are at present provided by law to increase the principal of the School Fund: (1) portions of School Fund revenue forfeited by towns owing to their failure to fulfil conditions of participation;<sup>276</sup> (2) moneys received into the state treasury, disposition of which is not otherwise provided for (provided, 1890);<sup>277</sup> (3) annual appropriation of \$100,000 to be continued until the principal of the School Fund amounts to \$5,000,000 (provided, 1894);<sup>278</sup> (4) \$25,000 to be added annually until 1937, to the income of the School Fund (not the principal) from the excess income of the Fitchburg Railroad Securities Loan Sinking Fund.<sup>279</sup>

**Apportionment** <sup>281</sup> Chapter 456 of the Acts of 1903 provides as follows:

"Sec. 1. The annual income of the Massachusetts School Fund shall, without specific appropriation, be apportioned and distributed for the support of the public schools in the following manner: I. Every town which complies with all laws relative to the distribution of said income and whose valuation of real and personal property, as shown by the last preceding assessors' valuation thereof, does not exceed one-half million dollars, shall annually receive five

<sup>274</sup> Acts, 1866, Chap. 53, Sec. 1.

<sup>275</sup> Rev. Laws, Chap. 41, Sec. 3.

<sup>276</sup> Pub. Stats. of Mass. relating to Public Instruction, Including Laws in Force, 1892, p. 55, Chap. 46, Sec. 11; Abbreviated Stats., P. I., 1892.

<sup>277</sup> Mass. Acts, 1890, Chap. 335, Sec. 1.

<sup>278</sup> Mass. Resolves, 1894, Chap. 90.

<sup>279</sup> Report Mass. Board of Education, 1899-1900, pp. 19, 264 ff.

<sup>281</sup> Mass. Acts, 1903, Chap. 456.

hundred dollars; but if its rate of taxation for any year shall be eighteen dollars or more on a thousand dollars it shall receive seventy-five dollars additional. II. Every such town whose valuation is more than one-half million dollars and does not exceed one million dollars shall receive three hundred dollars; III. and every such town whose valuation is more than one million dollars and does not exceed two million dollars shall receive one hundred and fifty dollars; IV. and every town whose valuation is more than two million dollars and does not exceed two and one-half million dollars shall receive seventy-five dollars. The remainder of said income shall be distributed to towns whose valuation does not exceed two and one-half million dollars, and whose annual tax for the support of public schools is not less than one-sixth of their whole tax for the year, as follows: Every town whose school tax is not less than one-third of its whole tax shall receive a proportion of said remainder, expressed by one-third; every town whose school tax is not less than one-fourth of its whole tax shall receive a proportion expressed by one-fourth; every town whose school tax is not less than one-fifth of its whole tax shall receive a proportion expressed by one-fifth; and every town whose school tax is not less than one-sixth of its whole tax shall receive a proportion expressed by one-sixth. All money appropriated for other educational purposes, unless otherwise provided for, shall be paid from the treasury of the commonwealth.

"Sec. 2. The income of said fund which has accrued on the thirty-first day of December in each year shall be apportioned by the commissioners of the Massachusetts School Fund in the manner provided for by section one of this act, and shall be paid to the several towns on the twenty-fifth day of January thereafter."<sup>281</sup>

The law permits a city or town school committee to expend not more than twenty-five per cent (.25) of their share of School Fund revenue to purchase books of reference, maps, and apparatus; the remainder must be applied to the support of public schools.<sup>282</sup> The term "support of public schools" is defined by law to include the following eight classes of expenditure:<sup>283</sup> (1) teachers' wages; (2) transportation of school children; (3) fuel; (4) care of school premises; (5) clerks, truant officer, etc.; (6) superintendents of schools; (7) text-books and supplies; (8) school sundries. No part of the income of the Massachusetts School Fund shall be used for payment of the compensation or expenses of members of school committees.<sup>284</sup>

<sup>282</sup> Mass. Stats., P. I., Chap. 43 (1892), Sec. 6, p. 26; see note 276.

<sup>283</sup> Mass. Acts, 1900, Chap. 175, p. 111.

<sup>284</sup> Mass. Acts, 1904, Chap. 107, Sec. 2.

No apportionment of School Fund revenue can be made to any town or city which fails: (1) to raise a local school tax of at least \$3.00 for each inhabitant, five to fifteen years of age; (2) to submit the school returns required by law; (3) to comply with the laws regarding truancy; (4) to maintain the public schools required by law.<sup>286</sup>

**Conditions of  
Participation**

Chapter 107 of the Acts of 1904, provides as follows: Section 1. No town shall receive any part of the income of the Massachusetts School Fund unless it shall have complied, to the satisfaction of the Board of Education with all laws relating to the public schools.<sup>285</sup>

<sup>285</sup> Ibid., Sec. 1.

<sup>286</sup> Stats., P. L., 1892 (cf. note 276), p. 27, Chap. 43, Sec. 5.



## CHAPTER XXX

### MICHIGAN

#### PRIMARY SCHOOL FUND. SWAMP LAND FUND

Michigan has two "accounts" of permanent common school funds, known respectively as the Primary School Fund,<sup>287</sup> and the Swamp Land Fund.<sup>288</sup> "The Primary School Fund is the account of the proceeds received from the sales of primary school lands. The state pays seven per cent annually upon this account, whence it is often called the Seven Per Cent Fund. The constitution provides that this fund be kept a permanent fund which can never be decreased; nevertheless, the Primary School Fund contains no money. All moneys received by the state in whole or in part payment upon school lands sold are used by the state for general purposes."<sup>289</sup> These statements apply equally to the Swamp Land Fund, concerning which the law provides that "all moneys received on such sales (sales of lands belonging to school swamp land fund) . . . after deducting the expenses as aforesaid, shall be used and applied to the payment of the outstanding indebtedness of the state."<sup>290</sup> The state pays five per cent annually on this "account,"<sup>290</sup> whence the fund is commonly called the Five Per Cent Fund. The Primary School Fund is a perpetual fund fixed by constitution, whereas the swamp land fund is a statutory fund, and can be changed by the legislature.<sup>288</sup> The condition of these two funds in 1903 was reported as follows:<sup>291</sup>

**Primary School Fund:**

Proceeds paid in . . . . .	\$4,193,642.40
Due from purchasers . . . . .	77,377.45
	<hr/>
Total amount of fund available for interest . . . . .	\$4,271,019.85

<sup>287</sup> Constitution of Michigan, Art. XIII, Sec. 5.

<sup>288</sup> Report Supt. of Public Instruction, of Michigan, 1903, p. 24.

<sup>289</sup> Ibid., pp. 22, 23.

<sup>290</sup> Acts of Mich., 1887, No. 142, Sec. 5.

<sup>291</sup> Report Mich. Supt. of Public Instruction, 1903, pp. 27, 31.

Unsold lands, 46,975.33 acres estimated at \$5 per acre . . .	\$234,876.65
Total prospective proceeds . . . . .	\$4,505,896.50
Swamp Land Fund:	
Proceeds paid in . . . . .	919,365.70
Due from purchasers . . . . .	15,466.82
Total amount of fund available for interest . . . . .	\$934,832.52
Unsold lands, 35,625.60 acres estimated at \$5 per acre . . . .	178,128.00
Total prospective proceeds. . . . .	\$1,112,960.52

The total interest-bearing proceeds (principal?) of these two funds combined is therefore \$5,201,852.37, and the total prospective proceeds (principal?) \$5,614,856.

The income derived from these two funds for the same year was as follows:

Interest on Primary School Fund (Seven Per Cent Fund) . . .	\$345,447.91
Interest on Swamp Land Fund (Five Per Cent Fund) . . . .	52,366.62
Interest from purchasers . . . . .	6,061.39
Received from trespassers . . . . .	2,243.90
Total Income . . . . .	\$406,119.82
Total annual receipts for common schools, this same year, derived from all sources : . . . . .	\$8,871,294.56 <sup>202</sup>

Per cent of total revenue derived from "permanent funds" accounts, approximately (.0457)\* four and six-tenths per cent.

In 1804 when Michigan was yet a district of the territory of Indiana, Congress reserved for the use of the public schools, section numbered sixteen in each township. The total  
Origin <sup>203</sup> area of the lands thus reserved amounted to 1,067,397 acres.<sup>10</sup> This grant was recognized when Michigan was organized into a separate territory (1805). Provision was made for the establishment of the Primary School Fund by section 2, article X, of the constitution adopted by the constitutional convention, 1835,<sup>204</sup> and this provision became effective and the fund established

\* Computed.

<sup>202</sup> Ibid., p. 167.

<sup>203</sup> For account of origin of these funds see Report Mich. Supt. of Public Instruction, 1903, pp. 18-24; also Report 1899, p. 22.

<sup>204</sup> Roberts, *Mich. Rev. Stats.*, 1838, p. 42.

upon the state's admission into the Union, 1837. The Swamp Land Fund was established by an act of legislature, 1858, which provided that after deducting the expenses of sales, fifty per cent of all proceeds of all former and all future sales of swamp lands should constitute a fund to be "denominated a primary school fund" and the annual interest thereof at five per cent should be appropriated and distributed in like manner as the Primary School Fund interest.<sup>295</sup>

The history of these swamp lands may be briefly told: In 1812 Congress set aside two million acres of land in Michigan as bounty land to non-commissioned officers and soldiers who would enlist in the war between the United States and Great Britain.<sup>296</sup> Surveyors declared these lands swamps and worthless. Other lands in Illinois and Missouri were given to the soldiers, and in 1850 Congress gave back to Michigan the worthless lands; 5,838,775 acres of swamp land were patented to the state prior to 1899, and of the proceeds, \$846,778, were devoted to the Five Per Cent Fund.<sup>295</sup>

The minimum price originally fixed by the legislature in 1837 upon primary school lands was eight dollars per acre. "Owing to the hard times following the financial panic of 1837, many who purchased the lands appealed to the state legislature for a reduction of the minimum price. As a result, the minimum price (of primary school lands) . . . was changed in 1840 . . . to five dollars per acre. In 1842 a still further reduction was made, so that in December, 1842, the fund had shrunk from \$739,638.01 to \$359,809.41."<sup>293</sup> When we consider that the moneys belonging to the Primary School Fund and the Swamp Land Fund have been used for general expenditures and payment of state debts we see that these funds instead of lessening the taxation for the support of schools actually increase it, but Michigan has escaped the full weight of the burden that would be felt if the interest on these funds were paid out of a direct state tax.

<sup>295</sup> Laws of Mich., 1858 (No. 31), Sec. 5, p. 171; Report Supt. of Public Instruction, 1889, p. 22, gives a full account.

<sup>296</sup> *Statutes at Large*, Vol. II, p. 669; Act of Dec. 24, 1811, Chap. 10, Sec. 2; and p. 728, Act of May 6, 1812, Chap. LXXVII, Sec. 1.

Section I of article XIV of the constitution provides that "all specific taxes except those received from mining companies of the upper peninsula, shall be applied in paying the interest of the primary school, university and other educational funds, and the interest and principal of the state debt in the order herein recited, until the extinguishment of the state debt, other than the amount due to educational funds, when such specific taxes shall be added to and constitute a part of the Primary School Interest Fund (i. e., be added to the interest derived from all permanent primary school funds)."

The constitution provides for the increasing of the principal of the Primary School Fund from three sources:<sup>297</sup> the proceeds (1)

**Present Sources  
of Increase**

of sales of all lands that have been or may hereafter be granted to the state for educational purposes;

(2) of all lands or other property given by individuals or appropriated by the state for like purposes; (3) of intestate lands escheating to the state.

All educational funds in Michigan are managed by the legislature. The Superintendent of Public Instruction transmits plans

**Management**

for the management to the Governor, who in turn transmits them to the legislature.<sup>298</sup>

The interest of the Primary School Fund is apportioned semi-annually by the Superintendent of Public Instruction among the

**Apportionment**

towns and cities of the state in proportion to their school population (five to twenty years).<sup>299</sup>

The combined interest of the Seven Per Cent Fund and the Five Per Cent Fund is known as the Primary School Fund interest. It

**Objects**

can be applied to only one object;—the payment of the wages of teachers in public schools.<sup>300</sup>

In order to share in the Primary School Fund interest, a district

**Conditions of  
Participation**

must have been maintained for at least five months the preceding year, a school taught by a

legally qualified teacher.<sup>301</sup>

<sup>297</sup> Constitution of Michigan, 1850, Art. XIII, Secs. 2, 3.

<sup>298</sup> Mich. Gen. School Laws, 1903, Sec. 17.

<sup>299</sup> Ibid., Sec. 20.

<sup>300</sup> Ibid., Sec. 54.

<sup>301</sup> Report Supt. of Public Instruction, of Mich. 1903, p. 29.

## CHAPTER XXXI

## MINNESOTA

## PERMANENT SCHOOL FUND. SWAMP LAND FUND

Minnesota possesses two public permanent funds devoted to the support of common schools, the official titles of which are Perma-

<b>Titles.</b>	ment School Fund <sup>302</sup> and Swamp Land Fund. <sup>303</sup>
<b>Condition, 1908</b>	Of the Swamp Land Fund only one-half is a common school fund; the other half is devoted to the support of other state educational and charitable institutions. <sup>303</sup> The condition of these funds in the year ending July 31, 1908, is reported as follows:

Invested principal of half Swamp Land Fund . . . . .	\$ 621,636.17 <sup>304</sup>
Invested principal of Permanent School Fund . . . . .	19,709,383.91 <sup>305</sup>
	<hr/>
Total invested principal . . . . .	\$ 20,331,020.08
Estimated surface value of 1,015,187.46 acres of unsold Permanent School Fund lands <sup>307</sup> . . . . .	5,545,954.32
Estimated value of ore products of same <sup>306</sup> . . . . .	100,000,000.00
	<hr/>
Total prospective value of Permanent Common School Fund and Half Swamp Land Fund, excluding value of unsold swamp lands . . . . .	\$125,876,974.40

The principal of the Permanent School Fund is invested in or secured by state bonds and certificates of indebtedness, municipal bonds, and bonds of foreign states.<sup>308</sup> The rent of unsold school

<sup>302</sup> Laws of Minn. Relating to the Public School System, edited by J. W. Olsen, 1901, p. 43, Title 9.

303 Minn. Gen. Laws, 1907, Chap. 385.

<sup>304</sup> Advance Rept. Minn. State Aud., Biennial Report, 1907-08, p. ix.

305 Ibid., p. vii.

<sup>306</sup> Ibid., p. xxxvi.

<sup>307</sup> Data from records of State Auditor furnished F. H. Swift by Dept., Dec. 28, 1908.

<sup>308</sup> Data furnished F. H. Swift, Sept. 27, 1906, by J. W. Olsen, Minn. State Supt. of Public Instruction.



lands is added to the principal of the fund<sup>308</sup> and is not, therefore, distributed annually as in some other states.

Income of Permanent School Fund 1907-08 . . . . .	\$686,432.55 <sup>307</sup>
Income of Half Swamp Land Fund 1907-08 . . . . .	18,637.16 <sup>307</sup>

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Total income of public permanent common school funds    \$705,069.71<sup>307</sup>

The total receipts for common schools for the year 1907-08, including the balance on hand at the beginning of the year, amounted to \$14,919,015.<sup>309</sup> Of this, therefore, approximately four and seven-tenths per cent (.047)\* was derived from the income of the Permanent School Fund and Swamp Land Fund.

Section 18 of the Congressional Act passed March 3, 1849, to establish the territorial government of Minnesota reserved sections sixteen and thirty-six in each township for the use of common schools.<sup>310</sup> The amount of land thus reserved amounted to 2,969,990 acres,<sup>10</sup> or (.055) five and five-tenths per cent of the area of the state. The Permanent School Fund was provided for by the first constitution adopted by the state, that of May 11, 1858, which became effective upon the admission of the state into the Union.<sup>311</sup>

The origin of the federal grant of swamp lands to the states of the Union has been described in Chapter III. The area and estimated value of the swamp lands thus far granted to Minnesota could not be ascertained at the state department. As stated in Chapter III, the Swamp Land Grant is an indefinite grant covering "all the swamp and overflowed lands rendered thereby unfit for cultivation and remaining unsold at the date of the grant." The last published federal tables, those of 1896, reported that prior to January 1, 1896, there had been granted to Minnesota 4,738,549.78 acres of swamp lands. An amendment to the constitution, article VIII, section 2, adopted 1881,

**Origin of Minn.  
Swamp Land Fund**

\* Computed.

<sup>309</sup> Data furnished F. H. Swift, Dec. 28, 1908, by Minn. State Dept. of Public Instruction.

<sup>310</sup> Organic Act of Minn., Gen. Stats. of Minn., 1866, pp. 14-21; also Report Minn., Dept. Public Instruction, 1878, p. 6.

<sup>311</sup> Constitution of Minn., 1858, Art. VIII, Sec. 2.

provided that of all the swamp lands then held or which might thereafter accrue to the state one-half shall be appropriated to the "Common School Fund" and one-half to the educational and charitable institutions of the state, the principal of the funds derived from the sale of such swamp lands to be forever preserved inviolate and undiminished.

It will be seen that the provisions of this amendment set apart one-half of the Swamp Land Fund as a second permanent public common school fund. Despite this amendment the Swamp Land Fund was not divided and nothing was derived from it for the support of common schools until the passage of an act in March, 1907.<sup>303</sup> As the result of this act, since 1907 one-half the income from the Swamp Land Fund has been devoted to the support of common schools<sup>307</sup> and one-half credited "to the appropriation for the support of the several state educational and charitable institutions."

In Minnesota the swamp lands were devoted originally to state institutions, not to the schools. In 1865 a law was passed directing that 525,000 acres of swamp lands be reserved for the benefit of the following state institutions: 100,000 acres each for the Insane Asylum, School for Deaf, Dumb and Blind, State Prison; 75,000 acres for each of the three normal schools, Winona, Mankato, and St. Cloud.<sup>312</sup> Subsequently it was provided that after the swamp lands appropriated to other purposes shall be selected, the Commissioner shall select and set apart the remainder of such lands for the support of a Soldiers' Orphan Asylum. In 1878 the Superintendent of Public Instruction suggested that in view of the fact that the Soldiers' Orphan Asylum had been closed, the lands set apart for it be in the future given to the normal schools.<sup>313</sup>

Minnesota "has never lost a dollar of her permanent school fund."<sup>308</sup> The state had borrowed (prior to 1906) \$6,657,479.96,<sup>308</sup> over one-third of the principal. The interest on this is paid out of state taxes.<sup>308</sup> As pointed

**Minnesota  
One-half Swamp  
Lands Devoted  
to Common  
Schools, 1907**

**Loss**

<sup>312</sup> Minn. Gen. Laws, 1865, Chap. 5.

<sup>313</sup> Report Minn. Supt. of Public Instruction, 1878, p. 75.

out in Chapter V and elsewhere this is a policy pursued by other states. For many reasons state bonds are one of the safest forms of investments, and when the school land moneys accumulate in the treasury the matter of investing such large sums becomes exceedingly difficult. Yet to use the moneys derived from the proceeds of the sales of school lands and to substitute for them certificates of indebtedness or even state bonds has resulted in transforming the permanent school fund of many a state into a burden rather than an aid. The purpose of these funds was clearly to lessen the taxation. The moneys are used up for internal improvements or other state purposes and then the people are taxed to pay the interest on the substituted or purchased securities. Such a policy has frequently resulted in extravagance and reckless expenditure on the one hand and increasing burdens of taxation for coming generations on the other hand.\* In conclusion it should be stated that Minnesota's management of her Permanent School Fund has been universally regarded as wise, efficient, and exemplary. Its method of caring for and selling its lands and of creating one state instead of many township funds were epoch-making policies in the history of public permanent school funds in the United States.†

The sources at present provided for increasing the principal of the fund are the proceeds from (1) the sale (2) or rent of school lands, (3) the sale of grass or timber on such lands,<sup>314</sup> (4) royalties on iron ore taken from school lands, (5) profits on sales of bonds.<sup>308</sup>

The investment of the fund is in the hands of a "Board of Investment consisting of the governor, state auditor and state treasurer."<sup>315</sup>

The revenue is apportioned by the State Superintendent of Public

\* On this point compare the accounts of credit funds in Chapters I and V.

† For an account of the importance of Minnesota's policies consult Management, Chapter V.

<sup>314</sup> Report Dept. of Public Instruction of Minn., 1878, p. 37; Laws of 1901 provide no other means.

<sup>315</sup> Minn. School Laws, 1901, secs. 101-105.

Instruction among the counties "in proportion to the number of scholars in each township five to twenty-one years of age,<sup>316</sup> who have been enrolled in attendance forty days.<sup>317</sup>

The objects for which the revenue of the Permanent School Fund may be expended are not specified by law, but it cannot be used for sectarian schools<sup>318</sup> and in the expenditure of it, teachers' wages have the preference.<sup>319</sup>

The conditions which must be fulfilled in order to share in the revenue of the Permanent School Fund are four in number, and may be summarized as follows: (1) maintenance of a school at least five months;<sup>320</sup> (2) the school must be taught by a legally qualified teacher;<sup>320</sup> (3) submission of returns required by law;<sup>320</sup> (4) provision of regular and systematic instruction in physiology and hygiene.<sup>321</sup>

<sup>316</sup> Constitution of Minn., Art. VIII, Sec. 2.

<sup>317</sup> Minn. School Laws, 1901, Sec. 164.

<sup>318</sup> Constitution of Minn., Art. VIII, Sec. 3.

<sup>319</sup> Minn. School Laws, 1901, Sec. 72.

<sup>320</sup> Ibid., Sec. 164.

<sup>321</sup> Ibid., Sec. 367.

## CHAPTER XXXII

### MISSOURI

#### PUBLIC SCHOOL FUND, TOWNSHIP FUND, COUNTY PUBLIC SCHOOL FUND, SPECIAL DISTRICT FUND

Missouri has four permanent common school funds or classes of funds known respectively as the Public School Fund;<sup>322</sup> County Public School Fund;<sup>323</sup> Township School Fund;<sup>324</sup> and Special District Fund.<sup>325</sup> The principal of these funds is as follows:<sup>326</sup> Public School Fund, \$3,159,123; County Public School Fund, \$6,002,426;<sup>326</sup> Township School Fund, \$2,301,622; Special District Fund, \$92,385. The total principal of the permanent common school funds amounts, therefore, to \$11,566,556; the annual income reported to be derived from the same in 1902 is \$638,833,<sup>116</sup> approximately seven and nine-tenths per cent of \$8,113,509,<sup>116</sup> the total public school revenue that year.

It would be difficult to state in what year the first permanent Special District Fund was established. These **Origin District Funds** funds are local funds which have been created at different times by gifts, devises, bequests, special grants or legislation.

In 1812, while Missouri was yet a territory, "Congress ordered that all lands not of private ownership be reserved for school purposes in a dozen of the larger villages. Missouri became a state in 1821."<sup>327</sup> In 1839 an act was passed for the establishment of a system of common schools. One provision of this act declared

<sup>322</sup> Revised School Laws of Mo., 1903, p. 56, Sec. 9819.

<sup>323</sup> Ibid., p. 58, Sec. 9824.

<sup>324</sup> Ibid., p. 59, Sec. 9828.

<sup>325</sup> Report Mo. Supt. of Public Schools, 1884, p. 15.

<sup>326</sup> Ibid., 1902, p. 28.

<sup>327</sup> A. D. Mayo, *The American Common School in the Southern States*, 1790-1840; Report U. S. Commissioner of Education, 1895-96, I, p. 330.



that all towns and neighborhoods to which the United States Government had granted special donations of school lands in 1812 might be incorporated for school purposes.<sup>328</sup>

Upon admission into the Union, section numbered sixteen was granted and reserved in each township of the state for the support of schools, the aggregate area being 1,208,120 acres.<sup>329</sup>

**Township Funds** In 1834-35 the legislature provided for the survey of these school lands and for the regulation of the sale of the same.<sup>327</sup> In 1839 supplementary provisions were made respecting the sale.<sup>329</sup> The Revised Statutes of 1845 contain no provision requiring that the proceeds be invested permanently. This provision appears, however, in the Revised Statutes of 1866, Chapter 46, section 66.

The Public School Fund was established by legislative act February 6, 1837.<sup>330</sup> The original capital consisted of the proceeds of seventy-two sections (46,080 acres) of saline lands and \$382,355, Missouri's share of the surplus revenue distributed by United States in 1837.<sup>331,\*</sup>

On February 9, 1839, it was provided that the proceeds of fines, forfeitures, etc., collected within the county, should be paid into

**County School Fund** the county treasury for the County School Fund,<sup>329</sup> but it would appear that no provision was made for constituting the proceeds of these sources of revenue a permanent fund until 1868. The County School Fund was established as a permanent fund by section 18 of an act approved March 27, 1868. The original principal consisted of the proceeds of fines, penalties, and forfeitures,<sup>332</sup> and the proceeds of 3,185,479 acres of swamp land granted by Congress under an Act of 1850.

It would be impossible in the case of Missouri, as with many other states, to ascertain definitely the amount of

**Loss** the permanent school fund which has been lost. The report of the Superintendent of Public Schools for 1870,

\* See Part I, Chapter III, for an account of the Surplus Revenue Fund.

<sup>328</sup> Ibid., Report U. S. Commissioner of Education, 1900-01, I, p. 376.

<sup>329</sup> Report Mo. Supt. of Public Schools, 1903, p. 94.

<sup>330</sup> Ibid., 1869, p. 38.

<sup>331</sup> Bourne, Edward G., *History of the Surplus Revenue of 1837*.

<sup>332</sup> Mo. Law, Feb. 9, 1839.

Chapters XII and XIII, attempts to give an account of the amount of the Township School Fund which has been lost. The report shows that at that time over a hundred thousand dollars of this one fund alone was reported lost, but as in the case of many townships the amount lost could not be ascertained, the total loss exceeded that reported. Among the various reasons given are: burning of the court-house, parties running away; parties insolvent; default of county treasurer; notes outlawed; stolen; carelessness; the war; insufficient security; parties absconding; robbery; records imperfectly kept; townships having no fund being too disloyal to organize; records burned; carelessness of officers; worthless notes.

R. D. Shannon, State Superintendent of Public Schools in 1876, points out that the county funds were sometimes invested in direct and flagrant violation of the law, and that the moneys due the principal were not always added. He writes as follows: "The township, swamp land and county school funds are under the control of the various county courts and, as a rule, have been badly managed. They have to a shameful extent been lost, squandered and stolen. This was more particularly true in the war period of our history. . . . There is still, however, in some cases, a looseness of management that amounts to culpable neglect. In some cases county courts have invested their township and county school funds in school bonds and otherwise in direct and flagrant violation of the law. . . . Fines, forfeitures, and penalties have not always been faithfully accounted for nor applied to the funds to which the law directs their application." <sup>332a</sup>

The State Public School Fund may be increased by grant, gift, devise, appropriation by the General Assembly, proceeds of estates  
 Sources of Increase <sup>333</sup>      escheating to the state. The County Public School Fund may be increased by the net proceeds of fines collected for breaches of military or penal laws of the state; penalties, forfeitures, estrays; sale of swamp lands; military exemption moneys. The Township School Fund may be increased by

<sup>332a</sup> Report, Mo. Supt. Public Schools, 1876, pp. 13-14.

<sup>333</sup> Report Mo. Supt. of Public Schools, 1900, p. 43; Revised School Laws of Mo., Sec. 9824, p. 58.

the sale of such parts of sixteenth section lands as remain unsold. The Special District Funds may be increased by grant, gift, devise, or special legislation.

The Public School Fund is managed by the State Board of Education.<sup>334</sup> The County and Township Funds are managed by the county courts of their respective counties.<sup>335</sup>

**Management** The Special District Funds are managed for the district by the District Board of Directors.<sup>336</sup>

The revenue of the State Public School Fund is apportioned by the State Superintendent of Public Instruction upon the basis of school enumeration, that is, school population, (six to twenty years).<sup>337</sup>

**Apportionment**

The revenue of the State, County, Township, and District Funds may be legally expended for no other object than the payment of teachers' wages.<sup>338</sup>

**Lawful Objects**

In order to receive its share of the State Public School Fund income, the district must: (1) maintain a free public school during the year for which the distribution is made for at least three months,<sup>339</sup> for six months if a tax of forty cents on \$100 assessed valuation within a district, together with the public funds, will maintain the school for that length of time;<sup>340</sup> (2) must send returns as to the enumeration of pupils required by law.<sup>341</sup>

**Conditions of Participation**

<sup>334</sup> Revised School Laws of Mo., 1903, p. 57, Sec. 9822.

<sup>335</sup> Ibid., p. 59, Sec. 9829.

<sup>336</sup> Ibid., p. 22, Sec. 9763.

<sup>337</sup> Ibid., p. 29, Sec. 9770.

<sup>338</sup> Ibid., pp. 44, 45, Sec. 9788.

<sup>339</sup> Constitution 1875, Art. XI, Sec. 3.

<sup>340</sup> Revised School Laws of Mo., 1903, Sec. 9840.

<sup>341</sup> Ibid., p. 64.

## CHAPTER XXXIII

### MISSISSIPPI

#### LITERARY, CHOCKTAW, OR SIXTEENTH SECTION FUND. CHICKASAW FUND

It would appear that Sixteenth Section Fund is the title applied officially to-day to what was originally known as the Literary Fund. It would be more clear to call this fund the Chocktaw Fund. It is impossible to state the actual condition of this fund, as two years of constant effort to obtain information from the state authorities has brought no appreciable results. The reports of the United States Commissioner of Education 1903<sup>195</sup> and 1905<sup>342</sup> give data for 1903 as follows: \* Permanent common school funds (state and local), principal \$3,466,667,<sup>342</sup> income, \$187,746, approximately ten and one-tenth per cent (.101) † of \$1,858,990,<sup>344</sup> the total receipts for common schools. The "Chickasaw School Fund" is a "non-payable debt," amounting in 1902 to \$949,022.58<sup>343</sup> and in 1905 to \$1,002,023.36.<sup>343</sup> How much, if any, of the remainder of these funds, approximately two and a half million dollars, actually exists as productive capital I am unable to state. Presumably the remaining two and a half millions is also a non-payable debt representing the lost Literary or Chocktaw Fund.

The northern counties of Mississippi were originally occupied by the Chickasaw Indians and the southern  
**Origin** <sup>345</sup> by the Chocktaw Indians.<sup>346</sup> The Chickasaw Fund and the Chocktaw Fund might well be considered as

\* The same report, 1906, gives no more recent data.

† Computed.

<sup>342</sup> Report U. S. Commissioner of Education, 1905, I, p. 419.

<sup>343</sup> Report State Treasurer.

<sup>344</sup> Report U. S. Commissioner of Education, 1905, I, p. 410.

<sup>345</sup> Report Miss. State Supt. of Education, 1871, p. 39.

<sup>346</sup> *Britannica Encyclopedia*, article on "Mississippi."

one, for both owe their origin to Congressional land grants of section numbered sixteen in each township. These lands were granted 1803,<sup>10</sup> 1852,<sup>10</sup> 1857.<sup>10</sup> The total amount of lands granted was 838,329 acres.<sup>10</sup>

The Choctaw counties received from the general government approximately 663,000 acres (663,774 acres) of sixteenth section lands.<sup>345</sup>

**Literary,  
Choctaw Fund,  
or Sixteenth  
Section Fund,  
1821**

In the first constitution, adopted 1817, no mention was made concerning the establishment of a fund. Four years later, however, a fund known as the Literary Fund was established by an act of legislature passed November 26, 1821,<sup>347</sup> for the education of poor white children and for the general support of schools. The sources provided for contributing to this fund were, all escheats, confiscations, forfeitures, and personal property accruing to the state, and penal fines and forfeitures. It was provided that neither the principal nor interest should be apportioned until the principal shall amount to \$50,000 (sec. 9). By an act approved March 2, 1833, provision was made for the distribution of the revenue of the Literary Fund (on the ground that the fund now amounted to over \$50,000) and for the permanent investment of its principal in the Planter's Bank of the state of Mississippi, the interest or dividends on which should alone be distributed, the shares of stock being placed to the credit of the various counties of the state. This Literary Fund was lost through mismanagement and bad notes.<sup>348</sup> Some of the Choctaw lands were sold outright prior to 1833, and the proceeds eventually lost as just described; others were leased for a term of ninety-nine years.<sup>345</sup> The title of some are (1895) still in process of litigation.<sup>349</sup> Records of the sales of others have been lost.

Under an act of Congress passed February 23, 1843, the Chickasaw counties were entitled to receive 174,555 acres of land granted in lieu of sixteenth sections. From the sale of these lands arose the Chickasaw Fund.

<sup>347</sup> *A Digest of the Laws of Miss.*, 1839, by T. J. Fox Alden and J. A. Van Holsen, pp. 364-371, Chap. LI, Secs. 1-24.

<sup>348</sup> *Ibid.*, pp. 383, 384, Secs. 79-83.

<sup>349</sup> Report Miss. State Supt. of Education, 1894-95, p. 31.



The state holds this fund in trust for these counties, on which it pays annual interest to these counties at the rate of six and one-half per cent.<sup>350</sup>

The Literary Fund established in 1821 was "largely squandered through the same craze for a rapid increase of population that in so many states has wasted this patrimony of the children."<sup>353</sup> In 1833 by an act of legislature, February 27, there was introduced a system of leasing these lands at public auction to the highest bidder for a term of ninety-nine years. The securities accepted were insufficient in many cases. The rents frequently went unpaid and the fund dwindled away through the decrease in value of the notes given. What remained of it was invested in stock of the Planters' Bank, established 1830 to 1833. The money so invested was subsequently lost when the bank failed.

No means for increasing either of the funds is provided by the laws or the constitution except the sale of sixteenth section lands.

We find two forms of management, state and county. The Sixteenth Section Fund is managed for the township by the county to which it belongs, the Board of County Supervisors being the managing body.<sup>351</sup> The Chickasaw Fund is held in trust and managed by the state.<sup>345</sup> Funds derived from sixteenth section lands are credited to the proper township, and each treasurer keeps a separate account with each township.<sup>352</sup>

From this it would appear that the revenue is apportioned to the townships in accordance with the amount of principal standing to their credit. The Chickasaw Fund revenue is apportioned among the Chickasaw counties upon the basis of their area.

<sup>350</sup> Ibid., p. 24.

<sup>351</sup> School Laws of Miss., 1896, p. 39, Sec. 4144; p. 41, Sec. 4150.

<sup>352</sup> Ibid., p. 41, Sec. 4150.

<sup>353</sup> A. D. Mayo, *Common Schools in the South*, Report U. S. Commissioner of Education, 1899-1900, p. 493.

The County Board of Supervisors is required by law to appoint annually three trustees for the townships which have or ought to have school lands or funds. These trustees shall

**Objects** recommend to the Board of Supervisors the lawful purpose for which the available funds in their townships ought to be appropriated and the same shall be appropriated accordingly.<sup>354</sup> The objects to which the Sixteenth Section Fund revenue may be applied are enumerated as follows: (1) building and repairing school-houses; (2) the purchase of school furniture; (3) water and fuel; (4) payment of teachers after the common school term shall expire.<sup>354</sup>

No conditions are stated which must be fulfilled in order for the Chocktaw townships to participate in the Sixteenth Section Fund revenue, nor for the Chickasaw counties to participate in the Chickasaw Fund revenue.

<sup>354</sup> School Laws of Miss., 1896, p. 42, Secs. 4152, 4153.

## CHAPTER XXXIV

### MONTANA

#### PUBLIC SCHOOL FUND

The permanent common school fund of Montana has two official titles; the laws name it the State School Fund,<sup>355</sup> but in the constitution it is called the Public School Fund.<sup>356</sup> In 1905 the principal of the fund amounted to \$871,802.62.<sup>357</sup> This principal is invested chiefly in state, county, municipal, and school district bonds;<sup>357</sup> 2,781,181.49<sup>358</sup> acres of common school land (valued at about \$4,000,000<sup>342</sup>) belonging to the State School Fund remain unsold, the proceeds of which added to the present principal will give a principal of nearly five million dollars.<sup>342</sup> The annual revenue (1905) consisted of \$27,032.36, interest on the principal,<sup>357</sup> and \$172,375.06, annual rent of common school lands,<sup>357</sup> making the total annual revenue \$199,407.42, or approximately three and six-tenths per cent (.0362) \* of \$5,506,127, the total public school moneys received that year, excluding balances on hand and proceeds of bond sales.<sup>344</sup>

A Congressional act, February 28, 1851, reserved in each township of the territory, for the use of public schools, sections numbered sixteen and thirty-six, amounting in all to 5,112,035 acres.<sup>10</sup> The "Enabling Act" approved by Congress February 22, 1889, proposed the establishment of a permanent school fund to be derived from the proceeds of these lands and from five per cent of the proceeds of the sales of public lands granted to the state, and also that none of these lands should be

\* Computed.

<sup>355</sup> School Laws of Montana, compiled at the office of the Supt. of Public Instruction, 1903, p. 94, Sec. 1940.

<sup>356</sup> Constitution of Montana, Art. XI, Sec. 2.

<sup>357</sup> Statement received Nov. 26, 1906, from Montana State Treasurer, J. H. Rice.

<sup>358</sup> Mont. State Treasurer's Report, 1905-06, p. 8.

sold at less than ten dollars per acre.<sup>359</sup> These propositions were accepted by Constitutional Ordinance No. 1 adopted August 17, 1889, and became effective upon the state's admission into the Union, November 8, 1889.

The following sources for increasing the State School Fund are provided by law: (1) appropriations and donations by the state to the State School Fund; (2) bequests and donations by individuals to the state or common schools; (3) proceeds of land and other property escheating or forfeited to the state; (4) proceeds of all property granted to the state when the purpose is not specified or is uncertain; (5) funds accumulated in the treasury of the state for the disbursement of which provision has not been made by law; (6) proceeds of the sale of timber, stone, material or other property from school lands other than those granted for specific purposes; (7) all moneys other than rent recovered from persons trespassing on state lands; (8) five per cent of the proceeds of the sales of lands within the state belonging to the United States; (9) the principal of all funds arising from the sale of lands and other property which have been or may hereafter be granted to the state for common schools; (10) the principal of such other funds as may be provided for by law.

The State School Fund is managed by the State Board of Land Commissioners composed of the Governor, President of the Board, Superintendent of Public Instruction, Secretary of the Board, and the Attorney-General. This Board has direction, control, and power to lease or sell any of the school lands of the state.

The revenue of the State School Fund is apportioned by the State Superintendent of Public Instruction among the several counties in the state in proportion to the number of children of school age in each (six to twenty-one years).<sup>363</sup>

<sup>359</sup> Secs. 10, 11, 13, Enabling Act, (p. lxxii, Montana Civil Codes, annotated, 1895, Vol. 1).

<sup>360</sup> Ibid., p. cxxxiii.

<sup>361</sup> Civil Code of Montana, 1895, Part III, Title VIII, Art. I, Secs. 3470, 3472.

<sup>362</sup> School Laws of Montana, 1903, Chap. VI, Art. I, Sec. 1714.

<sup>363</sup> Constitution of Mont., 1889, Art. XI, Sec. 5.

The State Treasurer pays the district quota to the county treasurer. No distinction is provided for by law between the money thus

**Objects** paid in and money derived from taxes. The district trustees may devote money lying in the county treasury and credited to the district to the following objects of school expenditure:<sup>364</sup> (1) furniture; (2) repairs; (3) rent; (4) insurance; (5) text-books for indigent children; (6) transportation of pupils.

No district shall be entitled to a share of the State School Fund revenue which does not maintain a free public school for at least

**Conditions of Participation** three months during the year, for which distributions shall be made.<sup>365</sup> No sectarian, partisan, nor denominational doctrine may be taught, nor any publication of such a character be used or distributed in any school or made a part of its library.<sup>366</sup>

<sup>364</sup> School Laws of Mont., 1903, Chap. VI, Art. 5, Secs. 1797-1818.

<sup>365</sup> Ibid., p. 14, Constitution of Mont., 1889, Art. XI, Sec. 5.

<sup>366</sup> Ibid., p. 77, Sec. 1863.



## CHAPTER XXXV

### NEBRASKA

#### PERMANENT SCHOOL FUND

The permanent common school fund of Nebraska, officially known as the Permanent School Fund<sup>367</sup> consisted in 1905 of  
**Title.** \$6,238,381.27<sup>368</sup> and of 1,920,955 acres<sup>342</sup> of com-  
**Condition, 1905** mon school lands, estimated at \$12,002,000,<sup>342</sup> making the total estimated value of the fund \$18,240,381.27.\* Of the unsold school lands only 497 acres, estimated at \$2,000, are not leased.<sup>342</sup> The Permanent School Fund is invested chiefly in state bonds of other states, Nebraska general fund warrants, county bonds, and some United States bonds.<sup>368</sup> Nebraska has borrowed from the Permanent School Fund \$1,477,070.78, on which the state pays four per cent interest, deriving the money from "the same sources as all general expenses."<sup>368</sup> The rent of common school lands is added to the annual revenue of the Permanent School Fund;<sup>368</sup> in 1905 this rent amounted to \$176,043.99,<sup>368</sup> and revenue derived from principal to \$476,871.84.<sup>368</sup> The total Permanent School Fund revenue was therefore \$652,915.83,\* approximately eleven and nine-tenths per cent (.119)\* of \$5,447,362.21, the total receipts for common schools from all sources in 1905.<sup>368</sup>

On April 19, 1864, Congress reserved for the use of public schools, sections numbered sixteen and thirty-six in every township in  
**Origin** Nebraska.<sup>10</sup> The total area of the lands thus granted amounted to 2,702,044 acres,<sup>10</sup> and these lands became the property of the state three years later upon her admission into the Union. The establishment of the Permanent School Fund was provided for by the first constitution adopted by

\* Computed.

<sup>367</sup> Report Neb. Dept. of Public Instruction, 1887-88, p. 16; Index to School Law.

<sup>368</sup> Data furnished Sept. 1, 1906, by Neb. State Supt. of Public Instruction.

the state.<sup>369</sup> The constitution of 1867 provided that none of these lands should be sold at less than \$5.00 per acre (the constitution of 1875 raised the price to \$7.00), thus fixing the minimum value of the original capital at \$13,510,220.

Four sources are provided by law and by the constitution for increasing the principal of the Permanent School Fund: (1) five per cent of the proceeds of sales of United States public lands lying within the state;<sup>370</sup> (2) estates escheating to the state;<sup>371</sup> (3) the proceeds of the sales of sixteenth and thirty-sixth section lands;<sup>371</sup> (4) proceeds of the sales of saline lands (Laws of 1893).<sup>368</sup>

The first investments of the moneys belonging to the Permanent School Fund were made at a loss of \$1,547.04. Investments made in the year 1868 resulted in an aggregate loss of \$3,439.67.<sup>372</sup> In the year 1897 the Permanent School Fund lost \$259,842.87 through embezzlement.<sup>368</sup> It may well be added that sums borrowed by the state and on which the interest is paid out of taxation thwart one of the most important purposes for which the fund was established, namely, to lessen taxation; to borrow the principal and tax the people for the interest is a direct violation of the spirit if not of the letter.\*

The Permanent School Fund is managed by a "Board of Educational Lands and Funds" under the direction of the legislature.

**Management** The Board consists of the Governor, Secretary of State, Treasurer, Attorney-General, and Commissioner of Public Lands and Buildings.<sup>373</sup>

**Apportionment** The revenue is apportioned among the counties upon the basis of school population.<sup>374</sup>

\* For a full discussion of this matter see Part I, also the other states, e. g., Minnesota.

<sup>369</sup> Report U. S. Commissioner of Education, 1892-93, II, 1355, Art. II, Secs. 1, 2.

<sup>370</sup> School Land Laws of Neb. as revised in 1899, and the School Laws, p. 127, Sec. 30.

<sup>371</sup> Constitution of Neb., Art. VIII, Sec. 3.

<sup>372</sup> Report Neb. State Supt. Pub. Instruction, 1869-70, pp. 70-73.

<sup>373</sup> Constitution of Neb., Art. VIII, Sec. 1, and p. 118, Sec. 1, Neb. School Laws, 1899, p. 9.

<sup>374</sup> Ibid., p. 48, Sec. 9.

The state common school fund can be applied to the payment  
**Objects** of teachers' wages only.<sup>368</sup>

In order to participate in the revenue of the Permanent School Fund, the district (1) must have a school taught by a legally  
**Conditions of** qualified teacher; (2) for the term established by  
**Participation** law; not less than three months in a district having less than twenty pupils; not less than six months in a district having from twenty to seventy-five pupils; not less than nine months in a district having more than seventy-five pupils.<sup>368</sup>

## CHAPTER XXXVI

### NEVADA

#### STATE SCHOOL FUND

The permanent common school fund of Nevada is known officially as the State School Fund.<sup>375</sup> The principal of the fund,

**Title.** December 1, 1906, consisted of \$1,651,078.81; of  
**Condition, 1906** which \$20,678.81 was awaiting investment, and \$1,630,400 was invested as follows: state irredeemable five per cent bonds \$380,000; state four per cent bonds \$155,400; United States four per cent bonds \$215,000; Massachusetts three per cent bonds \$626,000; Massachusetts three and one-half per cent bonds \$254,000.<sup>377</sup> About 1,250,000 acres of school lands belonging to the permanent school fund are under contract for sale.<sup>379</sup> No rent is derived from school lands,<sup>378</sup> so this limits the annual income to (1) the interest on bonds which in 1906 amounted to \$61,486, and (2) interest on about "1,250,000 acres of land under contract, the deferred payments on which, amounting to \$1,250,000, draw interest at six per cent per annum, amounting to \$75,000, all of which, except (\$5,400) the interest on contract lands selected under the 90,000 acre university grant, goes into the general school fund and is distributed semiannually among the public schools of the state."<sup>379</sup> The total common school revenue for 1906 derived from all sources amounted to \$275,388,<sup>380</sup> forty-nine and two-tenths per cent of which (.4919),\* namely, \$135,486 \* was derived from the interest on the State School Fund.

Article XI, section 3 of the first constitution of Nevada, which

\* Computed.

<sup>375</sup> State of Nev. School Laws, 1897, p. 33, Art. XIX, Sec. 1.

<sup>377</sup> Report Nev. State Land Register, 1905-06, p. 13.

<sup>378</sup> Data furnished Jan. 10, 1906, by Nev. State Treasurer.

<sup>379</sup> Report Nev. State Land Register, 1905-06, p. 14.

<sup>380</sup> Report U. S. Commissioner of Education, 1906, I, p. 306.

became effective upon the state's admission into the Union, 1864, solemnly pledged for educational purposes moneys derived from the following sources: (1) the proceeds of sixteenth and thirty-sixth section lands; (2) the Agricultural College lands granted by an act of Congress approved July 2, 1862; (3) 500,000 acres internal improvement lands (Congressional grant, 1841); (4) "and all proceeds of lands that have been or may hereafter be granted or appropriated by the United States to this state;" (5) estates escheating to the state; (6) such per cent (five) as may be granted by Congress on the sale of public lands; (7) penal fines; (8) property given to the state for educational purposes.<sup>382</sup> Section 8 of the same article set aside the agricultural lands as a separate fund. Two million (2,000,000) acres to be selected by the state were accepted by the legislature in lieu of the sixteenth and thirty-sixth sections in each township. The sixteenth and thirty-sixth sections would have aggregated 3,992,000 acres, so that by accepting the two million acres grant the state lost 1,992,000 acres, "but it had the advantage of selecting any unappropriated public lands whether in the sixteenth or thirty-sixth sections or not."<sup>381</sup>

The following means of increasing the principal are at present provided for by constitution or by law: (1) proceeds of the sales of public lands;<sup>382</sup> (2) proceeds of escheated estates;<sup>382</sup> (3) a certain per cent of the sales of United States lands lying within the state;<sup>382</sup> (4) proceeds of property given or bequeathed to the state for purposes of education; (5) fines for penal offenses;<sup>382</sup> (6) two per cent of the proceeds of all toll rates and bridges.<sup>383</sup>

"The \$380,000 irredeemable bond was placed in the treasury in 1879 in lieu of an equal amount in cash borrowed from the State School Fund to pay the territorial indebtedness, which was assumed by the state when the Consti-

<sup>381</sup> Report Nev. State Land Register, 1905-06, p. 8.

<sup>382</sup> Constitution of Nev., 1864, Art. XI, Sec. 3 (Report U. S. Commissioner of Education, 1892-93, II, p. 1348).

<sup>383</sup> State of Nev. School Laws, 1897, p. 33, Art. XIX, Sec. 1.



tution was adopted.”<sup>379</sup> The constitution of 1864, art. XI, sec. 3, expressly declares that “all proceeds derived from any or all of said sources shall be, and the same are hereby solemnly pledged for educational purposes, and shall not be transferred to any other fund for any other uses.” The state has borrowed also \$233,000.<sup>378</sup> The four per cent interest on this loan as well as the five per cent interest on the irredeemable bond is paid out of state taxes.<sup>378</sup> To use the moneys belonging to the principal of the permanent school fund and then tax the people for the interest is a direct violation of one of the purposes for which the permanent school fund was established, namely, the lessening of taxation. \*

**Management** The State School Fund is managed by the state treasurer.<sup>384</sup>

**Apportionment** The revenue is apportioned among the counties on the basis of school population (six to eighteen years).<sup>375, 383</sup>

The revenue of the State School Fund may be expended only for the wages of teachers duly qualified by the State Board of Education.<sup>383</sup> No portion of the fund shall be paid for the erection of school buildings, the use of school-rooms, furniture, or any other contingent expense.<sup>383</sup>

In order to share in the State School Fund revenue the district must (1) maintain a school at least six months;<sup>385</sup> (2) must not permit sectarian instruction;<sup>384</sup> (3) the school must be taught by a duly qualified teacher;<sup>386</sup> (4) the teacher must submit the report required by law.<sup>387</sup>

\* For a further discussion of this matter, see Part I, also Part II, Minnesota and Nebraska.

<sup>384</sup> State of Nev. School Laws, 1897, p. 35, Art. XIX, Sec. 12.

<sup>385</sup> Report U. S. Commissioner of Education, II, 1892-93, p. 1347; Constitution of Nev., 1864, Art. XI, Sec. 2.

<sup>386</sup> State of Nev. School Laws, 1897, p. 33, Art. XIX, Sec. 3.

<sup>387</sup> Ibid., p. 27, Art. XI, Sec. 1.

## CHAPTER XXXVII

### NEW HAMPSHIRE

#### INSTITUTE FUND

For many years federal reports and other accounts dealing with permanent common school funds have credited New Hampshire with no permanent school fund.<sup>388</sup> On the contrary, such a fund has been in existence ever since 1867, and has been slowly but steadily increasing, though it was not used for schools. Prior to 1883 it was known as the "Common School Fund." Since 1883 it has been known as the "Institute Fund."<sup>389</sup> In 1905 the principal of the Institute Fund amounted to \$59,470.37,<sup>389</sup> and its annual interest to \$2,372.66,<sup>389</sup> the latter sum being approximately two-tenths of one per cent (.0017) \* of \$1,359,181.26, the total common school revenue derived from all sources that same year.<sup>389</sup> The "Institute Fund" has been borrowed by the state and constitutes a permanent debt on which the state pays four per cent annual interest, paying the same out of state taxes.<sup>389</sup> The principal is growing at present though slowly, through the addition to it (on account) of unexpended balance of its annual interest, no other source of increase being provided for by law.<sup>389</sup> The Institute Fund is managed by the governor and council.<sup>389</sup> Its interest can be used for no other purpose than for supporting teachers' institutes.<sup>389</sup> The interest is apportioned upon the order of the State Superintendent of Public Instruction.<sup>389</sup> The Institute Fund, like the permanent common school funds in many other states, is not to-day an invested productive fund but merely an account or debt which the state acknowledges. The

\* Computed.

<sup>388</sup> Report U. S. Commissioner of Education, 1896-97, p. 642, and other reports.

<sup>389</sup> From statement received July 17, 1907, from H. C. Morrison, N. H. State Supt. of Public Instruction.

state used the principal as it was paid into the treasury and now pays the annual interest out of state taxes.<sup>389</sup> We have here then a permanent state debt for which the commonwealth must be taxed instead of a productive fund lessening taxation.

The so-called Literary Fund of New Hampshire is not in any sense a permanent fund. The law defines it as follows: "All taxes collected by the state upon the deposits, stock, and attending accumulations of depositors and stockholders of saving banks, trust companies, loan and trust companies, loan and banking companies, building and loan associations, and other similar corporations, who do not reside in this state or whose residence is unknown, shall be known as the 'Literary Fund.' The state treasurer shall assign and distribute in November of each year the Literary Fund among the towns and places in proportion to the number of scholars not less than five years of age, who shall by the last reports of the school boards returned to the State Superintendent of Public Instruction, appear to have attended the public schools in such towns and places not less than two weeks within that year."<sup>390</sup> "In other words, the term Literary Fund is applied to an annual revenue resulting from the proceeds of "a non-resident savings bank tax." The proceeds of this tax in the year 1902 amounted to \$33,774.02.<sup>391</sup>

The United States apportioned to New Hampshire \$669,086.79 in the distribution of the Surplus Revenue Loan of 1837. No state permanent fund was established with this money. On the contrary, the total sum received "except that inuring to communities not then incorporated into towns" was divided among the several towns—with the privilege of devoting the whole or a part to the support of public schools. By an act passed December 18, 1842, the towns were empowered to make any disposition of it as should be deemed equitable and expedient. In Portsmouth, New Hampshire, the inhabitants voted to divide the revenue which fell to the town, per capita:—the sum due to every man, woman, and child being between

<sup>390</sup> Laws of N. H., 1901.

<sup>391</sup> N. H. State Treasurer's Annual Report, p. 316.

U. S. 1837  
Surplus  
Revenue Loan

two and three dollars. An agent was appointed to receive and distribute the money; about 200 suits were almost immediately commenced against him as trustee of individuals owing small sums, and he was thus placed in rather an embarrassing position.<sup>392</sup> As near as can be estimated, about fifty towns used their money, about \$30,000, to establish permanent local school funds, yielding annually about \$1,800. Nevertheless most of what might have become the basis of a great state permanent fund vanished.

The Literary Fund was provided for by an act passed June 29, 1821, which required that all banking corporations should either use paper stamped by some suitable stamp for bills, notes, or obligations put in circulation; the stamp to be paid for by the banks at the rate of \$50 on the thousand of the circulation; or instead thereof to pay annually one-half of one per cent of their capital stock.<sup>393</sup> The proceeds arising from the second provision, that of the tax of one-half of one per cent of the capital of the bank, eventually became the Literary Fund. The original purpose in establishing this fund was to aid an institution of higher learning, but by 1828 this purpose was given up and the fund which had accumulated up to that time and amounting then to \$64,000 was distributed to the towns to be used for common schools. After that the fund was distributed annually.<sup>394</sup>

In 1867, the governor was authorized to sell public lands, "wild lands," with the advice of the council, the proceeds to be placed in the state treasury, and "to constitute a part of the Literary Fund to be divided among the several cities and towns and by them applied to the maintenance of common schools or to other purposes of education."<sup>395</sup> A law passed the following year provided that the proceeds of the sale of the state lands affected under the authority of a joint resolution approved June 28, 1867, "shall be and the same

**Origin. Literary  
Fund, 1821**

**Origin Common  
School or  
Institute Fund**

<sup>392</sup> Bourne, Edward G., *History of the Surplus Revenue of 1837*, p. 83, and note.

<sup>393</sup> N. H. Compiled Laws, 1815-24, p. 110.

<sup>394</sup> N. H. Revised Statutes, 1842, Chap. 75, p. 154; N. H. School Report, 1872, p. 163; U. S. Bureau of Education, Circular of Information, 1898, No. 3, p. 15.

<sup>395</sup> Laws of N. H., 1867, Chap. XLII, Sec. 1.

hereby are set apart as a school fund. The annual income of the said fund shall be applied to the purposes of a common school education in such way and manner as the legislature may from time to time determine.”<sup>396</sup> “The New Hampshire fund derived from the sale of public lands in the White Mountain region is known as the Institute Fund. The income, which is about, \$2,300 a year is used for the purpose of maintaining teachers institutes.”<sup>397</sup>

“These wild lands were a part of the ungranted public domain which had come down as such from colonial times. From the sale of these lands \$25,000 was realized. This money was paid into the state treasury; and it is provided by law that the same shall be reserved for the use of common schools, and that the state shall pay interest thereon at the rate of six per cent. The fund never seems to have been appropriated as a common school fund to any purpose, but was used by the state as other moneys, being counted, together with its accumulated interest, as a part of the state debt. In 1883, largely through the interest of Hon. J. W. Patterson, at that time the Superintendent of Public Instruction, the teachers’ institute system was established; and the income from this fund, together with its accumulated interest, was set apart to pay for the institutes.”<sup>399</sup> The account when opened as an institute fund on June 1, 1884, amounted to \$47,918.75. Since that time the institute system has been continuously in operation. The amount left unexpended each year has been added to the principal, so that at the close of the last fiscal year the amount was \$59,529.17. The annual income is now nearly \$2,400. In 1895, the General Court reduced the rate of interest from six per cent to four per cent, presumably for the purpose of bringing the state’s annual obligation down to something like the current rate of interest.”<sup>398</sup>

<sup>396</sup> Ibid., 1868, Chap. XXI, Secs. 1, 2.

<sup>397</sup> Extract from letter dated Aug. 30, 1906, received from H. C. Morrison, State Supt. of Public Instruction.

<sup>398</sup> Ibid., dated July 15, 1907.

<sup>399</sup> Laws of N. H., 1883, Chap. 73; Rev. Stats., Chap. 94, Secs. 4-8.



## CHAPTER XXXVIII

### NEW JERSEY

#### THE NEW JERSEY PERMANENT SCHOOL FUND

The official title of the New Jersey permanent common school fund is Permanent School Fund.<sup>400</sup> The reports and laws also use the terms "State School Fund" and "School Fund." In 1902 this fund amounted to \$3,839,692<sup>401</sup> and its annual revenue to \$196,824<sup>402</sup> which was approximately two and eight-tenths per cent (.0277) of \$7,118,248, the total common school revenue for that year. In 1906 the principal of the Permanent School Fund amounted to \$4,523,916.92.<sup>403</sup> It is impossible to state the acreage or value of the lands belonging to the fund as the law sets aside for it all lands that are or have been under water. The state apportions \$200,000\* a year as the fund's income, which is two and five-hundredths per cent of \$9,773,562, the total receipts for common schools in 1905.<sup>404</sup>

The Permanent School Fund was established February 12, 1817, by an act of legislature.<sup>405</sup> The date 1816 sometimes given appears to be incorrect as no mention is made concerning any permanent school fund in the act of that year relating to schools.<sup>405, 406</sup> The capital set aside by the Act of 1817

**Origin**

\* Actual income not equal to this.

<sup>400</sup> New Jersey School Law, 1903, p. 63, Sec. 168.

<sup>401</sup> Controller's Report, 1902, p. 90.

<sup>402</sup> Controller's Report, 1902, pp. 92, 93, the difference between this amount and that stated in Report U. S. Commissioner is due perhaps to the fact that the latter includes the revenue of local funds and land rents, or else it may include the \$180,000 loaned by the state to the school fund. The total of the school fund loan and balance, 1901, was \$385,889.

<sup>403</sup> Data furnished by C. J. Baxter, State Supt. of Public Instruction, Mar. 15, 1907. Superintendent Baxter failed to state income of Permanent School Fund.

<sup>404</sup> Report U. S. Commissioner of Education, 1906, I, pp. 306, 307.

<sup>405</sup> U. S. Bureau of Education, Circular of Information, 1899, No. 1, p. 29, gives 1816.

<sup>406</sup> N. J. Laws of 1799-1820, p. 612.

consisted of \$15,000, derived "from the payment to the state of the principal and interest of the funded debt of the U. S. due this state, and from the dividends on the shares belonging to this state in the capital stock of the Trenton Banking Company," and which the previous year by the order of legislature had been invested in six per cent bonds.<sup>407</sup> In addition to this realized principal several sources of increase were provided as follows: (1) "all dividends which may hereafter be received on the shares of this state in the capital stock of the Cumberland Bank, and (2) on the shares of the state in the Newark Turnpike Company, (3) all moneys to be received on the sale of the house and lot belonging to this state in the city of New Jersey,<sup>406</sup> (4) and one-tenth part of all moneys hereafter to be raised by tax for the use of the state."<sup>406</sup>

By an act passed February 14, 1818, additional stocks belonging to the state were added to the fund, making the total estimated value at this time \$87,076.34<sup>408</sup> as follows:

	<i>Estimated Value</i>
U. S. six per cent bonds . . . . .	\$15,000.00
Newark Turnpike Road shares . . . . .	12,500.00
Balance due on old U. S. six per cent bonds . . . . .	10,654.78
U. S. three per cent stock . . . . .	5,071.90
Cash received for old U. S. six per cent stock . . . . .	5,849.66
Trenton Banking Company shares . . . . .	36,000.00
Cumberland Bank shares . . . . .	2,000.00
 Total . . . . .	 \$87,076.34

New Jersey received from the United States in 1837, \$764,670.60 of the surplus revenue distributed as a loan among the states by the Congressional act, passed June 23, 1836. In 1837 the state divided the entire sum among the counties which were directed to loan their respective shares and pay the interest to the several townships. Probably the townships devoted much of this interest to schools from the first. The counties appear to have exhausted the principal in erecting buildings and paying debts, but they have

<sup>407</sup> Ibid., p. 600.

<sup>408</sup> Ibid., pp. 649-650, 652.

continued to pay the townships the interest due them. In 1867 an act was passed directing townships to devote to schools the interest of the surplus revenue received by them.<sup>409</sup> Since this time the interest on approximately four-fifths of the surplus revenue has been used for supporting public schools.<sup>410</sup> In view of the fact that the fund has been practically exhausted and that what is nominally interest is really raised by taxation, this fund must be regarded as a credit fund or an account and not a permanent fund.\*

The present law (1903) provides two sources for increasing the principal of the Permanent School Fund: (1) the proceeds of riparian lands, i. e., all lands belonging to the state now or formerly lying under water;<sup>411</sup> (2) the proceeds of the leases of riparian lands.<sup>411</sup> The law requires that \$200,000 be annually apportioned from the income of the Permanent School Fund. If the revenue of the fund itself does not equal this amount the deficiency shall be drawn from the state treasury, the same to be replaced from the Permanent School Fund income as soon as the latter has been received.<sup>412</sup>

The Permanent School Fund is in the hands of a board of managers known as "the trustees for the support of public schools," composed of the Governor, Attorney-General, Secretary of State, State Controller, State Treasurer.<sup>413</sup>

The revenue of the Permanent School Fund is apportioned upon a twofold basis: first, depending upon the length of time a teacher has been employed; second, depending upon the school attendance; first, \$200 is apportioned to each district for each teacher throughout the preceding school

\* For an account of the United States Surplus Revenue Loan, consult Part I, Chap. III. For an account of the Credit Funds, see Part I, Chap. I.

<sup>409</sup> N. J. Laws, 1867, 378.

<sup>410</sup> These statements are taken chiefly from E. G. Bourne, *History of the Surplus Revenue of 1837*, pp. 84-86, 122.

<sup>411</sup> N. J. School Laws, 1903, Secs. 168, 169.

<sup>412</sup> Ibid., Sec. 176.

<sup>413</sup> Ibid., 1903, p. 62, Art. XVI, Sec. 166.

year; \$80 for each teacher employed less than the school year, but not less than four months; \$600 to each district which has employed a supervising principal or special superintendent of schools devoting his whole time to supervision of schools of such district;<sup>414</sup> second, the total school attendance of the preceding year serves as the basis for apportionment of public moneys remaining after the apportionment upon the above basis of number of teachers and supervisors employed; third, any balance remaining in the hands of the district is returned to the county collector and reapportioned by the county superintendent among all the districts of the county.<sup>415</sup>

The objects to which the revenue may be applied by the districts are not carefully nor clearly defined. The law states that it may be used for (1) the support of public schools; (2) the payment of the salaries of county superintendents; (3) payment of premiums and accrued interest on bonds purchased by the trustees for the support of public schools, and for no other purpose whatsoever.<sup>416</sup> The term "support of public schools" is not defined, so it would seem to be left largely to the discretion of the district to apply the money to such objects of expenditure for schools as it sees fit.\*

The conditions which must be fulfilled by a district in order to share in the revenue of the Permanent School Fund may be summarized as follows: (1) maintenance of a public school for not less than nine months; (2) in case a board of education, legal voters of a district, any board or officers of the same or any teacher shall neglect and refuse to perform any duty required by law, the quota of the school fund revenue belonging to the same shall be withheld until compliance has been obtained;<sup>417</sup> (3) provision by a district of suitable school facilities and

\* See Idaho, foot-note 122<sup>a</sup>.

<sup>414</sup> Ibid., Sec. 182, amended by laws of 1906, Chap. 241, May 17, which makes several important changes. See Bureau of Education Bulletin, No. 3, 1906, p. 50, Sec. 230.

<sup>415</sup> Ibid., Sec. 183.

<sup>416</sup> Ibid., Sec. 170.

<sup>417</sup> Ibid., Secs. 14, 15.

accommodations for children residing in the district and desiring to attend the school therein; <sup>418</sup> (4) plans for school buildings must be submitted to the State Board of Education for suggestions and criticism, <sup>419</sup> certain architectural requirements being specified by law.

<sup>418</sup> Ibid., Sec. 126.

<sup>419</sup> Ibid., Secs. 129, 130.



## CHAPTER XXXIX

### NEW MEXICO

#### PERMANENT FUND

"The only permanent common school fund New Mexico has is derived from the Congressional grant of five per cent of the sales of public lands lying within the territory.<sup>420</sup> The moneys which had accumulated from this source up to June 30, 1905 amounted to \$19,675.73.<sup>420</sup> June 21, 1898, Congress passed an act entitled, "An Act to make certain grants of land to the Territory of New Mexico, and for other purposes." Section 4 of this act provided "that five per centum of the proceeds of the sales of public lands lying within said territory which shall be sold by the United States subsequent to the passage of this act, after deducting all expenses incident to the same, shall be paid to the said territory, to be used as a permanent fund, the interest of which only shall be used for the support of common schools within said territory." Section 1 of the same act granted to the territory for the support of common schools sections numbered sixteen and thirty-six in each township. New Mexico has reserved for the support of common schools the sixteenth and thirty-sixth sections in each township as provided for by section 15 of the Organic Act approved September 9, 1850<sup>421</sup> and by subsequent territorial or congressional enactments.<sup>422</sup> As a result New Mexico possesses 1,147,117 acres of common school lands<sup>420</sup> which are under lease and so yield a revenue. In addition to these it possesses 2,280,117 acres<sup>420</sup> of common school lands not under lease, and yielding no revenue,

<sup>420</sup> Data furnished Oct. 20, 1906, by Hiram Hadley, New Mexico Territorial Supt. of Schools.

<sup>421</sup> The General Laws of New Mexico, 1860-80, compiled under the direction of L. Bradford Prince, p. 576.

<sup>422</sup> Ibid., Sec. 4, p. 425.

making a total of 3,427,234 acres. The value of all these lands estimated at \$1.25 per acre is \$4,284,042.50. Unless Congress shall make some special provision granting New Mexico the right to dispose of her school lands while a territory, no lands can be sold until the territory becomes a state. The total common school revenue in 1905 derived from all sources was \$527,473.59:<sup>420</sup> of this \$39,046.49,<sup>420</sup> or approximately seven and four-tenths per cent (.074) † was derived from the rent of common school lands.

† Computed.

## CHAPTER XL

### NEW YORK

#### I—LITERATURE FUND. II—COMMON SCHOOL FUND. III—UNITED STATES DEPOSIT FUND

New York possesses three state permanent common school funds known officially and respectively as follows: the Literature Fund,<sup>423</sup> the Common School Fund,<sup>423</sup> and the United States Deposit Fund.<sup>423</sup> The last of these funds, though technically a loan to the state by the federal Government, has long been, and rightly from a purely practical point of view, regarded as a permanent common school fund.\* The condition of these three funds in the year 1905 was as follows:<sup>424</sup> Literature Fund, principal, \$284,201.30, income, \$9,987.50; Common School Fund, principal, \$4,673,140.77, income, \$169,889.06; United States Deposit Fund, principal, \$4,014,520.71, income, \$155,648.06. Total principal, \$8,971,862.78; total income, \$335,524.62. The state appropriates from the revenues of these funds three hundred forty-nine thousand five hundred dollars (\$349,500) toward the support of schools. (Laws of N. Y., Chap. 683, enacted May 31, 1906.) The total annual public school revenue derived from all sources amounts (1905) to \$47,803,172.33,<sup>425</sup> of which approximately seven-tenths per cent (.007)† was contributed by permanent state funds. "The capital of these funds is kept inviolate and if there are any losses they are made good from the General Fund."<sup>426</sup>

In the part it has played in the past in developing a system of free schools lies the importance of the New York Common School

\* For full explanation of this, see U. S. Surplus Revenue Fund, Part I.

† Computed.

<sup>423</sup> Laws of New York 1905, Chap. 587.

<sup>424</sup> New York Controller's Report, 1905-06.

<sup>425</sup> Statement received Sept. 10, 1906, from Hiram C. Case, Chief of Statistics Division, N. Y. Dept. of Education.

<sup>426</sup> Extract from letter from Wm. C. Wilson, N. Y. State Controller, Dec. 17, 1906. Cf. this with later statement regarding loss.

Fund. To-day it contributes but a small per cent of the total school revenue. It was not the first means of support of schools, in fact, seven others antedate it; namely: (1) rate bills; (2) Literature Fund, 1786; (3) local or town funds, 1789; (4) town tax, 1795; (5) annual appropriation of \$100,000, 1795-1800; (6) literature lotteries, 1801-21; (7) gifts.

Rate bills, tuition fees, were charged in New York state from time immemorial until 1867. In 1867 they were abolished whereupon the schools which had been public became free.<sup>427, 429</sup>

Town funds arose from an act of legislature, 1786,<sup>428</sup> which provided that the unappropriated land of the state should be laid out in townships of 64,000 acres.<sup>430</sup> In every township two lots were to be reserved, the first marked "gospel and schools," the second known as the "state lot." The "gospel and school lot" was to be applied to promote the gospel and schools within the said township. An act was passed in 1789 which provided for the sale of the "gospel and school lot."<sup>434</sup> This Act of 1789 required the Surveyor-General to set apart two lots for gospel and school purposes in each township of public land, thereafter to be surveyed.<sup>434</sup> The principal tracts of land thus reserved included about 47,380 acres.<sup>435</sup> In time most of this land came to be used for the support of schools. Many of the funds thus established continue to the present.

The "state lot" set aside by the Act of 1786 to be used for "promoting literature," was reserved to the state to be hereafter applied by the legislature for promoting literature in the state.<sup>431</sup> The fund created by the sales

<sup>427</sup> For an account of Rate Bills consult Chap. II.

<sup>428</sup> It is frequently stated that this fund was established in 1790, e. g., N. Y. State Supt. of Public Instruction Report, 1905, p. 61.

<sup>429</sup> Report N. Y. State Supt. of Public Instruction, 1848, p. 41 ff.

<sup>430</sup> Laws of New York, 1786, Chap. 67.

<sup>431</sup> For a full history of this fund see Hough, F. B., *Historical and Statistical Record of the University of the State of New York*, Chap. 4, p. 80.

<sup>434</sup> Laws of New York, 1789, Chaps. 32, 44.

<sup>435</sup> Report N. Y. State Supt. of Public Instruction, 1833, p. 61.

of these state lots was the first permanent school fund created for an entire state, being nine years older than the Connecticut School Fund established 1795. Its purpose was not to aid common schools, but to promote academical departments to prepare teachers. In the year 1819, \$26,690 arrears of quit rents were added to this fund, and by an Act passed April 13, 1827, \$150,000 worth of securities belonging to the canal fund were transferred to it.<sup>432</sup> The Act of 1819 directed that "one-half of all quit rents and commutations for quit-rents, received by the state, should be appropriated to increase the Literature Fund and the remaining half to the further increase of the (Common) School Fund."<sup>433</sup> The control of the Literature Fund rested with the regents of the state "until 1832 when it was transferred to the custody of the Comptroller."<sup>432</sup> By an Act passed April 27, 1829, the overseers of the poor in any town were permitted under certain conditions to appropriate poor funds for the use of common schools, the funds so appropriated to be denominated the Common School Fund of such town, and to be under the care and superintendence of the town superintendent of common schools of such town.<sup>435a</sup>

The legislature in 1795 enacted that £20,000 or about \$100,000 be annually appropriated for "encouraging and maintaining schools . . . in this state in which children shall be instructed in English language, English grammar, arithmetic, mathematics."<sup>435b</sup> This was the first appropriation by the state for common schools. Together with the creation of Town Funds it forms the beginning of efforts which were expressions of the principle that produced the Common School Fund. It was the first recognition of the principle that the state is responsible for the education of her future citizens. These appropriations expired 1800.<sup>435c</sup>

<sup>432</sup> Report N. Y. State Supt. of Public Instruction, 1905, p. 62.

<sup>433</sup> Type-written account, six pages, received from N. Y. State Dept. of Finance, Dec. 23, 1906.

<sup>435a</sup> Laws of New York, 1829, Chap. 287.

<sup>435b</sup> Laws of New York, 1795, Chap. 75.

<sup>435c</sup> Randall, S. S., *History of the Common School System of the State of New York* (ed. 1871), p. 96.



A condition made necessary by the Act of 1795 for participation in the annual appropriation was that each town raise by tax a sum equal to one-half the amount of public money it received.<sup>435 b</sup>

With the expiration of the annual appropriation, it became necessary to provide other means of aiding the schools. Resource was had to a method then much in vogue for raising money for state and philanthropic purposes, and in 1801 an Act was passed directing that \$100,000 be raised by means of four successive lotteries of \$25,000 each; \$12,500, or one-eighth of the entire amount, to be paid to the regents for distribution as they saw fit among the academies, the remaining seven-eighths, \$82,500, "to be paid into the Treasury for the encouragement of common schools as the legislature might thereafter direct."<sup>435 e</sup> These "Literature Lotteries" did not cease until prohibited by the state constitution of 1821, which forbade all lotteries.<sup>435 d</sup> The one-eighth was eventually added to the principal of the Literature Fund, the seven-eighths to that of the Common School Fund.<sup>435 f</sup>

In view of the fact that seven-eighths, namely, \$82,500, of the avails of the Literature Lotteries were eventually added to the capital of the Common School Fund it is sometimes stated that this fund originated in 1801.<sup>432</sup> This is hardly correct as there was no provision in the Literature Lottery Act of 1801 for establishing its proceeds as a permanent fund. It was on April 2, 1805, that the legislature finally provided for the establishment of the Common School Fund by an act which provided that the net proceeds of 500,000 acres of unappropriated state lands, the first to be sold after the passing of the act, should be appropriated as a permanent fund for the support of common schools.<sup>435 g</sup> The act provided that the proceeds should be invested until the income should amount to \$50,000 when

**Literature  
Lotteries  
1801-1821**

**Common School  
Fund Established  
April 2, 1805**

<sup>435 d</sup> Ibid., p. 11.

<sup>435 e</sup> Laws of New York, 1801, Chap. 126.

<sup>435 f</sup> Hough, F. B., *Historical and Statistical Record*, etc. (see foot-note 431).

<sup>435 g</sup> Laws of New York, 1805, Chap. 66.

that sum should be annually divided among the school districts of the state. The act reads:

“An Act to Raise a Fund for the Encouragement of Common Schools. . . .

“Be it enacted by the people of the State of New York represented in senate and assembly, That the net proceeds of five hundred thousand acres of the vacant and unappropriated lands of the people of this State, which shall be first sold by the surveyor general after the passing of this Act, shall be and hereby are appropriated as a permanent fund for the support of common schools.

“And be it further enacted, That it shall and may be lawful for the comptroller from time to time, to loan all the monies which may come into the treasury by virtue of this Act, for a term not exceeding three years, to any person or body corporate, for literary purposes, on security to be given to the comptroller, in the name of the people of this State, by mortgage on improved lands within this State, then in the actual possession of the borrower, and of double the sum so to be borrowed, exclusive of any buildings thereon, which paid monies are to be loaned at the rate of six per centum per annum.

“And be it further enacted, That it shall and may be lawful for the comptroller to loan on the terms above mentioned, the interest arising from said fund, or any part thereof, until the whole interest annually arising from the same shall amount to \$50,000, after which the interest annually arising shall be distributed and applied for the support of the common schools in such manner as the legislature shall direct.” <sup>435 g</sup>

When these lands were sold, one-fourth of the purchase money was required to be paid down and the balance was allowed to remain on interest at six per cent, the purchasers at the time of the sale executing a bond to the state for the amount remaining unpaid, payable in six annual instalments.<sup>435 h</sup> The money was loaned to persons or bodies corporate for literary purposes, safely secured, until the income should reach the distribution limit.

The constitution of 1777 and the amendment of 1801 contained no provision for the support of common schools. The first constitutional provision concerning the Common School Fund was made by the constitution of 1821, sixteen years after the fund had been created by

**Provisions for  
Sale of Lands**

**Constitutional  
Provisions, 1821,  
1846, 1894**

<sup>435 h</sup> Report N. Y. State Supt. of Public Instruction, 1857, p. 18.

the act of legislature. The constitution of 1821, article VII, section 10, reads: <sup>435 i</sup>

"The proceeds of all lands belonging to this State except such parts thereof as may be reserved or appropriated to public use or ceded to the United States, which shall hereafter be sold or disposed of, together with the fund denominated the Common School Fund shall be and remain a perpetual fund, the interest of which shall be inviolably appropriated and applied to the support of Common Schools throughout the State."

Article IX, section 1, constitution of New York, amendment, 1846, reads: <sup>435 j</sup>

"The capital of the Common School Fund, the capital of the Literature Fund, and the capital of the United States Deposit Fund, shall be respectively preserved inviolate.

"The revenues of the said Common School Fund shall be applied to the support of common schools; the revenues of the Literature Fund shall be applied to the support of Academies, and the sum of twenty-five thousand dollars of the revenues of the United States Deposit Fund shall each year be appropriated to and made a part of the capital of the said Common School Fund."

The constitution of 1894, article IX, section 3, repeats verbatim the provision made in the amendment of 1846.

The Common School Fund continues to-day to be managed  
 Management by the State Controller as provided for in the  
 act establishing the fund. <sup>435 k</sup>

The two most important sources of increasing the capital of the Common School Fund have been (1) state lands; (2) the revenue of the United States Deposit Fund; besides these  
 Growth of Com- two, many less productive sources have been em-  
 mon School Fund. ployed: (3) bank stock purchased with accruing  
 Eleven Sources interest of the school fund; <sup>435 l</sup> (4) \$949,076 due on loans of 1792  
 of Increase and 1808 <sup>435 m</sup> in exchange for capital of Common School Fund by  
 Act of the legislature in 1819; <sup>435 i</sup> (5) \$31,624.38 due on loan of  
 1786 added to Common School Fund in 1827; <sup>435 l</sup> (6) \$84,358.15

<sup>435 i</sup> U. S. Commissioner of Education, Report, 1892-93, II, p. 1322.

<sup>435 j</sup> Ibid., p. 1330.

<sup>435 k</sup> Laws of New York, 1805, Chap. 66, and 1903, Chap. 350.

<sup>435 l</sup> Report N. Y. State Supt. of Public Instruction, 1857, p. 19.

<sup>435 m</sup> Ibid., pp. 20, 21, gives a complete history of these three loans.

added to Common School Fund in 1845 by Act of Congress in 1845, from the United States Treasury surplus; (7) lands escheating to the state in the military tract, 1819 (8) receipts from quit rents,<sup>432</sup> 1819, \$26,690; (9) arrearages of interest 1819<sup>435 i</sup>; (10) net proceeds of Supreme Court fees, 1819; <sup>435 i</sup> (11) \$82,500 from Literature Lotteries proceeds already referred to.

The chief source of increase prior to 1851 was state lands. The original 500,000 acres were exhausted in 1818.<sup>435 h</sup> The avails up to that date from this source were about \$400,000, the total capital of the fund being \$1,044,889.09.<sup>435 h</sup> The constitution of 1821, article VII, section 10, devoted all unappropriated state lands amounting to 991,559 acres<sup>432</sup> to the Common School Fund. The gross receipts from the sale of state lands from 1805 to 1855 amounted to about \$2,500,000, or about three-fourths of the total receipts.<sup>435 n</sup> All other sources of increase, quit rents, court fees, etc., during the same period had contributed less than \$1,000,000.<sup>435 n</sup>

Aside from state lands the most important contributions to the Common School Fund have come from the United States Deposit Fund. The United States Deposit Fund had its origin in New York's acceptance under the provisions of Chapter 2 of the Laws of 1837 of its share of the surplus money of the Treasury of the United States distributed among the states of the Union under the 13th section of the act of Congress entitled, "An Act to regulate the deposits of public money," passed June 23, 1836,<sup>435 o</sup> upon the terms, conditions, and provisions in said act contained. By the terms of the act the faith of the state was inviolably pledged for the safe-keeping and repayment without interest of all sums of money received, whenever the same should be required by the Secretary of the Treasury of the United States. The amount paid in under the above act was \$4,014,520.71.<sup>435 p</sup> The legislature of New York accepted the deposit on the terms prescribed and made laws as to the character and disposition of the fund and its revenue.<sup>433</sup>

<sup>435 n</sup> Ibid., p. 22.

<sup>435 o</sup> Vol. V, p. 55, Public Statutes at Large, 24th Congress, Session I, Chap. 115.

<sup>435 p</sup> *New York Historical Records*, 1885, p. 91.



It was provided by an Act passed April 4, 1837, that the money should be divided among the counties according to population

**Investment of Principal of Deposit Fund** and be loaned by county commissioners appointed by the governor and confirmed by the senate.

The money must be loaned on improved real estate, double the value of the loan, exclusive of buildings and of the value of rent in perpetuity, if any were charged thereon. As pointed out in Chapter III, Part I, the United States had planned to distribute the surplus revenue in four instalments, but the fourth instalment was never paid. New York, however, loaned the fourth instalment in anticipation of its appearance.<sup>435 q</sup>

Provisions concerning the disposal of the interest of the Surplus Revenue Fund were made by an act passed April 17, 1837. The

**Method of Apportionment of Income** first apportionment was to be made in 1839; \$110,000 was to be appropriated annually for aid-

ing common schools (joined with the income of the Common School Fund), to be apportioned among the districts in the manner other school moneys were apportioned. In order to receive its share, a district must maintain a school taught by a duly qualified teacher, four months, instead of three. In the same manner \$55,000 was to be annually apportioned among the districts for three years to be used for purchasing libraries, thereafter for the same object or for teachers' wages according as the district might decide;<sup>435 q</sup> \$28,000 was to be annually joined with the Literature Fund income to aid academies under the visitation of the regents.<sup>433</sup> The remainder of the income was to be added to the principal of the Common School Fund.<sup>435 q</sup>

The statutes providing the mode of distribution have been modified frequently. In 1846 it was provided by the constitution that thereafter \$25,000 should be added annually to the principal of the Common School Fund.<sup>435 r</sup> Omitting certain minor educational appropriations the statutes in force at the present time provide the following annual disbursements: \$25,000 to the principal of the

<sup>435 q</sup> Report N. Y. State Supt. Public of Instruction, 1848, p. 89; E. G. Bourne, *History of the Surplus Revenue of 1837*, pp. 86-91.

<sup>435 r</sup> Constitution of New York, 1846, Art. IV, Sec. 1.



Common School Fund; \$75,000 joined with the income of the Common School Fund; \$34,000 added to the income of the Literature Fund.<sup>433</sup>

In 1897 some important changes were made regarding the school finances of New York. In that year it was enacted that "the **Merging Revenues of Literature Fund, Common School Fund, and Free School Fund** Common School Fund, the Literature Fund, the United States Deposit Fund shall continue to consist of all moneys, securities, or other property in the treasury of the State, or under the control of any State officer, and all debts due the State, or real property owned by it belonging to such fund. The proceeds of all land which belonged to the State on January 1, 1823, except parts thereof reserved or appropriated to public use, or ceded to the United States, shall belong to the Common School Fund. Of the income of the United States Deposit Fund, \$25,000 shall annually be added to the capital of the Common School Fund; the remainder of such income, together with the income of the Common School Fund and of the Literature Fund, and also such amounts as may be raised or received by taxation or otherwise, or by transfer from any other fund, shall constitute the educational fund, and appropriations made therefrom may be made only for the support of the educational system, to be distributed by the superintendent of public instruction, and the University of the State of New York in the manner provided for by the law. It shall be the duty of the comptroller to transfer from the general fund at the close of each fiscal year such an amount to the revenue of the Common School Fund, United States Deposit Fund, and Literature Fund as may be necessary to reimburse the revenue of said funds by reason of the excess of appropriation from the revenue derived from the investment of the capital thereof. The moneys so transferred shall become and be a part of the educational fund, and be included in the amount raised by taxation for the next fiscal year."<sup>435</sup> This law in effect combines the revenue derived from the Common School Fund, the Literature Fund, and the United States Deposit Fund into one annual income devoted to common schools.

<sup>435</sup> Laws of 1897, Art. IV, Chap. 413, Sec. 80.

It is impossible to determine how much of the Surplus Revenue  
 Deposit Fund that is reported in New York  
 Loss annually, actually exists. F. P. Alcott, wrote on  
 assuming the duties of controller:

"In 1877, I determined to look into the condition of the fund. . . . So far as the investigation instituted has gone, it demonstrates the utter insecurity of the fund. . . . Money is loaned upon property not worth double the amount of the mortgage (as required by law). Second and third mortgages are taken; searches are not made; minutes are not kept . . . forged and fictitious mortgages have been taken, and during the past two years—commissioners . . . have absconded! . . . The State has to-day thousands of dollars invested in farms, the result of foreclosed loans that will not sell for a third of the principal and interest due."<sup>435x</sup>

The difficulty of obtaining correct data is shown by the following conflicting statements: "The United States Deposit Fund is invested in municipal securities and in mortgages. . . . The fund has been kept inviolably intact."<sup>435y</sup>

"A liberal estimate of the present worth of the \$1,442,837.91 held by loan commissioners (of the United States Deposit Fund) of the entire state will not exceed \$1,000,000 of sure assets."<sup>435z</sup> The losses suffered by the principal of the United States Deposit Fund from April 4, 1837, to September 30, 1905, amount to \$333,862.17 as follows: <sup>435t</sup> \$199,035.44 lost on resale of lands; \$56,046.75 lost on foreclosure sale of lands; \$33,975.63 lost by failure of title; \$44,804.38 lost by defalcation of Loan Commissioners.

The Common School Fund is managed by the  
 Management State Controller.<sup>436</sup>

The present (1906) method of apportionment of the revenue  
 Apportionment of the state school moneys rests upon a threefold  
 basis: first, the assessed valuation of the district;  
 second, the number of teachers employed; third, population.

<sup>435t</sup> Ibid., p. 280.

<sup>435x</sup> Controller's Report, 1877, p. 28, taken from Bourne, *Surplus Revenue*, pp. 89, 91.

<sup>435y</sup> Six-page type-written account furnished by N. Y. State Dept. of Finance, Dec. 23, 1906.

<sup>435z</sup> Controller's Report, 1906, p. lxii.

<sup>436</sup> Laws of New York, 1903, Chap. 350.

The money received on the first basis is called the district quota. I. "To each district having an assessed valuation\* of twenty thousand dollars or less, as appears by the report of the trustees upon which such apportionment is based, two hundred dollars.

II. "To each district having an assessed valuation of forty thousand dollars or less, but exceeding twenty thousand dollars, one hundred and seventy-five dollars; III. to each district having an assessed valuation of sixty thousand dollars or less, but exceeding forty thousand dollars, one hundred and fifty dollars; to each Indian reservation for each teacher employed therein for a period of thirty-two weeks or more, one hundred and fifty dollars; and to each of the remaining districts, and to each of the cities in the state, one hundred and twenty-five dollars." The amount apportioned to a district on the second basis is known as the teachers' quota. For every additional teacher duly licensed, the district, city or Indian reservation receives \$100. The remainder of the state school moneys left after the apportionment of the district and teachers' quotas, and the library moneys, is divided by the State Superintendent of Public Instruction among the counties of the state in proportion to their population. In counties in which there are cities, each city receives its share, and the remainder of the county the portion to which such part of the county shall be entitled. New York City is considered one county.

All moneys apportioned from the income of the United States Deposit Fund, from the income of the Common School Fund, or from school funds, except the library moneys, shall be applied exclusively to teachers' wages,<sup>437</sup> but in view of the fact that "the legislature since 1897 has placed the appropriation from the income of the Common School Fund and the income from the United States Deposit Fund with the free school fund, school taxes, and made them all one

\* "The valuation of the several districts in this state as affected by this apportionment shall be determined by the commissioner of education from the abstracts of the reports of the trustees as filed in his office by the several school commissioners of the state." Laws of New York, 1906, Chap. 698, Sec. 1.

<sup>437</sup> Consolidated School Laws of New York, amended 1903, Title II, Art. I, Sec. 4.

fund, it is impossible to say for just what purposes the income of the Common School Fund is now used.”<sup>438</sup>

In order to receive an apportionment from state school moneys, (1) counties must have furnished the controller with evidence “that all moneys required by law to be raised by taxes upon such county for the support of schools throughout the state have been collected and paid, or accounted for to the state treasurer;”<sup>439</sup> (2) no district shall be entitled to any portion of school moneys unless a common school was supported in the district and taught by a qualified teacher for at least 160 days;<sup>440</sup> (3) “The Commissioner of Education may withhold one-half of all public school moneys from any city or district which wilfully omits and refuses to enforce the provisions,” relative to compulsory education;<sup>441</sup> (4) “The State Superintendent of Public Instruction may withhold its share of public school moneys from any city or district which uses school library moneys for any other purpose than that for which they are provided;”<sup>442</sup> (5) the public school moneys may be withheld from any district or city which fails to comply with the legal requirements concerning the teaching of physiology;<sup>443</sup> or which (6) wilfully disobeys any decision, order or regulation pertaining to common schools.”<sup>444</sup>

<sup>438</sup> Extract from letter from Hiram C. Case, Chief of N. Y. Ed. Dept. of Statistics, dated Sept. 6, 1904.

<sup>439</sup> N. Y. Consolidated School Law, 1905, Title II, Art. I, Sec. 3.

<sup>440</sup> Ibid., Art. II, p. 13, Sec. 6, and p. 17, Sec. 15.

<sup>441</sup> Ibid., p. 126, Title XVI, Sec. 10.

<sup>442</sup> Ibid., p. 101, Title XIII, Sec. 8.

<sup>443</sup> Ibid., p. 109, Title XV, Sec. 20.

<sup>444</sup> Ibid., p. 11, Title I, Sec. 13.

## CHAPTER XLI

### NORTH CAROLINA

#### LITERARY FUND \*

The permanent school fund of North Carolina, officially known as the State Literary Fund,<sup>445</sup> now (December, 1906) has a principal of about \$300,000.<sup>446</sup> This fund has been derived chiefly from the sale of swamp lands, together with a small amount, less than \$50,000, saved from the ruins of the Civil War and Reconstruction days. In 1906 it was estimated that 700,000 acres<sup>447</sup> of swamp lands remained unsold valued at about \$250,000. These were considered the only important available source of increase among those enumerated in section 4, article IX, of the constitution of 1868, but subsequent decisions of the Supreme Court deprived the Literary Fund of more than 600,000 acres which had been claimed for it. The following letter from the present State Forester, Mr. W. W. Ashe, presents the matter concisely:

"RALEIGH, N. C., November 12, 1908.

"PROF. F. H. SWIFT,

"Dear Sir: In further reply to your letter of October 5th to Mr. Charles L. Coon.

"The lands of the State Board of Education at present do not amount to more than 110,000 acres. Other holdings which the board claimed have been alienated through decisions of the Supreme Court of North Carolina, which invalidated tax sales which took place more than eighty years ago. Through these decisions the title to the land was held to be still vested in the heirs or assigns of the original owners. Since the State Board's claim to most of this

\* For this account I am greatly indebted to data furnished Dec. 18, 1906, by Charles L. Coon, Supt. Colored State Normal Schools. Foot-notes 446-447 are copied from his statement.

<sup>445</sup> Public School Laws of N. Car., 1905, Sec. 4093 (p. 13).

<sup>446</sup> Records, Office State Supt.

<sup>447</sup> Ibid.



land was based on such tax sales, this decision affects more than 600,000 acres which the State Board claimed.

"The lands which the State Board at present claims consist of one large tract of 40,000 acres, which is now held at \$4.00 per acre. It can be drained and made valuable for farming purposes, there being required an expenditure of about \$4.00 per acre for main drains and probably \$5.00 per acre for minor drains and tiling.

"In addition to this large tract, there are many small tracts, some of which will probably be found to be of very little value, while others can probably be readily sold at from \$3.00 to \$5.00 an acre.

"The Board's holdings have proven so far to be of small value as sources of revenue, and since the larger portion of the timbered land was included in lands the title to which was invalidated by imperfect tax sales, the future income of the Board from its remaining lands will be gotten largely by their sales for farming.

"This, I think, covers pretty thoroughly all the questions contained in your letter. If there are any others that you wish to ask, I will be very glad to try to answer them.

"Very truly yours,  
"W. W. ASHE,  
"State Forester."

The Literary Fund by an act of the General Assembly, January, 1903, is now used exclusively for the purpose of building public school-houses, under rules and regulations prescribed by the State Board of Education. The fund can never be decreased. By the Act of 1903, school districts may borrow from the fund an amount equal to one-half the cost of a new school building, the amount borrowed to be repaid in ten equal annual instalments, together with four per cent interest.

North Carolina first established a permanent common school fund known as the Literary Fund in 1825 by Act of General Assembly.<sup>448</sup> This fund as originally provided for

**Origin** was to consist of: (1) dividends from state bank and other state stock; (2) taxes on liquor licenses; (3) auction taxes; (4) unexpended balance on agricultural fund; (5) all moneys

<sup>448</sup> No. Car. Rev. Stats., 1836-37, Chap. 66, pp. 378, 379, quotes this law; see also Report State Supt. of Public Instruction, 1887-88, p. xxxiii; U. S. Bureau of Education, Circular of Information, 1888, No. 2, pp. 166-168.

paid to the state for entries of vacant lands; (6) all the vacant and unappropriated swamp lands in the state. In 1827, this permanent fund amounted to \$12,725. It was increased from time to time from the sources indicated above. In 1837 North Carolina received from the federal Government \$1,433,727<sup>449</sup> as her share of the surplus revenue distributed that year. Of this vast sum \$300,000 was at once added to the Literary Fund<sup>450</sup> and it would appear that eventually all of it except \$100,000 devoted to state expenses, became a part of the school fund.<sup>451</sup> This large increase in the permanent fund enabled the legislature of 1838-39 to undertake the establishment of public schools, the whole permanent fund then amounting to \$1,732,485. In 1860 the Literary Fund amounted to over \$2,000,000.

The failure of banks in whose stock part of the capital was invested reduced the fund to less than \$1,000,000 in 1869. This diminished fund consisted in depreciated railroad and navigation stock which was sold at from ten to thirty-seven cents on the dollar. The money thus realized was invested in the fraudulent North Carolina special tax bonds bought at a discount, which were repudiated by the state in 1870. The whole school fund was then lost except a few thousand dollars. The total loss sustained by the Literary Fund from the time of its establishment until the present (1905) may be considered to be about \$2,525,000 besides interest losses caused by troubles of the Civil War and reconstruction periods 1861-70.

From 1870 to 1903 the sources for increasing the Literary Fund have been only those provided by the constitution,<sup>452</sup> and are as follows: (1) the proceeds of all sales of federal land grants not otherwise appropriated by the state or the United States; (2) proceeds of all sales of swamp lands; (3) grants; (4) gifts, or (5) devises made to the state and not otherwise

<sup>449</sup> E. G. Bourne, *History of the Surplus Revenue of 1837*, p. 91.

<sup>450</sup> *Ibid.*, p. 92.

<sup>451</sup> *Ibid.*, p. 93.

<sup>452</sup> Constitution of No. Car., 1868, Art. IX, Sec. 4; *Ibid.*, 1876, Art. IX, Sec. 4; Report U. S. Commissioner of Education, 1892-93, Vol. II, p. 1364.

appropriated. During this period the interest on the funds derived from these sources was distributed every few years to the several counties for general school purposes, the distribution being based on school population. By 1903 the fund thus derived amounted to \$194,159.18, and was set apart for the definite purpose of aiding in building school-houses, under the general conditions set forth above.

## CHAPTER XLII

### NORTH DAKOTA

#### PERMANENT SCHOOL FUND

Permanent School Fund<sup>453</sup> is the official title of the permanent common school fund of North Dakota. The term Tuition Fund is used to include the revenue of the Permanent School Fund, net proceeds of fines and penalties for violation of state laws, rents of school lands, school poll tax and school poll state tax. The provisions regarding revenue of the Permanent School Fund are provided for under the heading of Tuition Fund.<sup>454</sup> In 1905 the Permanent School Fund consisted of, first, a reservation of 2,000,000 acres<sup>455</sup> of unsold school lands, estimated at \$20,000,000, the proceeds of which when sold will be added to the principal of the fund; and second, \$8,263,154.80, of which \$5,488,170.54 is invested in land contracts bearing six per cent interest, and the remainder in first mortgages on real estates, state, district and institution bonds.<sup>455</sup> The state has borrowed from the Permanent School Fund \$711,700, which amount is not necessarily a permanent debt.<sup>455</sup> This loan is secured by four per cent state bonds, the interest on which, like that on all bonded indebtedness of the state, is drawn from a special tax levied upon the property of the state for this purpose.<sup>455</sup> The total income derived from the Permanent School Fund in 1905 was \$337,353,<sup>455</sup> approximately twelve and six-tenths per cent (.126)\* of \$2,674,838.75<sup>455</sup> the total receipts for

\* Computed.

<sup>453</sup> *The General School Laws of N. Dak.*, compiled 1897, by Supt. of Public Instruction, p. 10, Sec. 11.

<sup>454</sup> *Ibid.*, p. 45.

<sup>455</sup> Data furnished by W. L. Stockwell, State Supt. of Public Instruction of N. Dak., Sept. 12, 1906.

common schools from all sources for that year. Of this annual revenue \$70,483.46<sup>455</sup> was derived from the rent of school lands.

For the benefit of common schools North Dakota was granted by the United States Government sections numbered sixteen and thirty-six in each Congressional township. "Under this grant the state will acquire title to approximately 2,500,000 acres, . . . the exact acreage cannot be determined at this time, as some of the lands in the western part of the state have not been surveyed."<sup>456</sup> Provision was made in 1889 by the Congressional Enabling Act and the state constitution adopted that<sup>457</sup> year, for the establishment of a permanent common school fund from the proceeds of these lands.

The sources provided for increasing the principal of the Permanent School Fund are at present as follows: (1) proceeds of sales of sixteenth and thirty-sixth section lands;<sup>457</sup> (2) any proportion of the interest or income of the school fund not expended during any year;<sup>458</sup> (3) five per cent of the proceeds of the sales of United States lands lying within the state.<sup>459</sup>

The School Fund is managed by the "board of university and school lands," composed of the Governor, Superintendent of Public Instruction, Attorney-General, Secretary of State, and State Auditor.

The revenue is apportioned among the counties in proportion to their school attendance. The apportionment is based upon the number of children between the ages of six and twenty who have attended school sixty days, "exclusive of those who have attended educational institutions maintained strictly by the state."<sup>455</sup>

The state Tuition Fund can be expended for teachers' wages only.<sup>460</sup>

<sup>456</sup> Commissioner of University and School Lands of N. Dak., Report, 1902-04, p. 10.

<sup>457</sup> Constitution of N. Dak., 1889, Art. IX, Sec. 153.

<sup>458</sup> Ibid., Sec. 154.

<sup>459</sup> Enabling Act, Sec. 13, p. 10; *The General School Laws of N. Dak.*, compiled 1897.

<sup>460</sup> *The General School Laws of N. Dak.*, compiled 1897, Sec. 712. Cf. Sec. 710.



The district to be entitled to receive any portion of the Permanent School Fund revenue must make a report of the enumeration of children of school age. Further, the county treasurer must have given a bond and oath as required by law before the district can receive its quota.<sup>461</sup>

<sup>461</sup> Ibid., p. 47, Sec. 714.

# OHIO

Ohio, "instead of creating a permanent fund to be loaned . . . as was done in Massachusetts (and) Kansas (and) elsewhere, early . . . provided that the sales arising from

<b>Title.</b>	early . . . provided that the sales arising from
<b>Condition, 1905</b>	sixteenth section and other school lands should be

constituted into a great irreducible debt held forever by the state with an annual interest of six per cent to be paid thereon to the districts from which the moneys were originally derived."<sup>462</sup> "The money derived from the sale of school lands was used for other purposes (than schools). As such moneys came into the state treasury they were credited to the original township in which the lands lay, and deposited in a so-called sinking fund. The interest on that amount then goes annually to the school districts located all or partly in the original township. The interest is raised by state levy. The rent of unsold school lands is added to the annual revenue."<sup>463</sup> The term State Common School Fund is applied to the proceeds of the state tax for schools. (School Law, 1898, section 3951.) In 1905 the principal of the irreducible debt amounts to \$4,902,109.72,<sup>464</sup> on which the state pays \$322,185.70 annual interest,<sup>465</sup> approximately one and six-tenths per cent (.0159),\* of \$20,290,251.26,<sup>464</sup> the total annual common school revenue.†

368

The funds constituting the irreducible debt were derived chiefly from the proceeds of the sales of the following lands:<sup>462</sup> (1) section sixteen; (2) United States military lands; (3) Virginia military lands; (4) Western Reserve lands; (5) swamp lands; (6) salt lands;<sup>465</sup> (7) section twenty-nine, or ministerial lands; and from a part of Ohio's share of the United States Surplus Revenue distributed in 1837.

The moneys derived from lands represented to-day by the "irreducible debt" include the proceeds of the following sales:<sup>462</sup>

**Origin** I. Section sixteen in (1) lands purchased by the Ohio Company in 1787; (2) lands purchased by John Cleve Symmes in 1787; (3) every congressional township granted by Congress in 1803, upon the admission of Ohio into the Union; (4) lands originally granted to the Moravians, but reconveyed by them to the United States in 1824.<sup>466</sup>

II. Lands granted in lieu of section sixteen<sup>466</sup> in (1) U. S. Military Reserve; (2) Connecticut Western Reserve; (3) Virginia Military Reserve.

III. Ministerial Lands,<sup>464</sup> i. e., sections numbered twenty-nine in the lands purchased by the Ohio Company and by John Symmes.

IV. (1) Swamp lands;<sup>462</sup> (2) salt lands.<sup>465</sup>

In Chapter III an account has been given of the origin of the claims of Virginia and Connecticut to lands in Ohio, and of the reservation of sections sixteen for schools and sections twenty-nine for the ministry in the Ohio Company and Symmes purchases. It will be well here, however, to describe in somewhat greater detail the more important areas for which the Ohio Enabling Act of 1802 made no provision and the subsequent land grants made for them.\*

These areas may be named as follows:<sup>466</sup>

\* The following description is chiefly a summary of the article referred to in foot-note 466.

<sup>465</sup> Ohio School Laws, compiled by State Commissioner of Common Schools, 1898, Sec. 3952.

<sup>466</sup> "Educational Land Policy of the United States," Barnard's *American Journal of Education*, Vol. 28, pp. 929-938.

	ACRES
1. Virginia Military Reservation, reserved by Virginia, 1783 . . . . .	3,710,000 <sup>467</sup>
2. Western Reserve, reserved by Connecticut, 1784 . . . . .	3,300,000
3. Ohio Purchase, bought of U. S. by the Ohio Company, 1787 . . . . .	964,285
4. Symmes Purchase, bought of U. S. by John Cleve Symmes 1787 . . . . .	311,682
5. U. S. Military Reservation, reserved by U. S. Government 1796 . . . . .	2,560,000
6. Miscellaneous Grants:	
(1) Rupee Grant, east of Scioto River, "granted to certain individuals who left British provinces to espouse the cause of freedom" . . . . .	100,000
(2) Moravian Grant, granted to Moravians for use of Chris- tian Indians, three tracts, 4,000 acres each . . . . .	12,000
(3) Trent Grant, to individuals who had lost lands near Gillipolis because of invalid titles . . . . .	25,000
(4) Dohmrore's Grant (to a Portuguese merchant for Revolu- tionary services), one township . . . . .	23,040
(5) Zane's Grant, six sections . . . . .	3,840
<hr/>	
Total, exclusive of (6), (7) and (8) . . . . .	11,009,847
(6) Maumee Lands, granted for a government road.	
(7) Turnpike Lands, granted to the Columbus and Sandusky Turnpike.	
(8) Ohio Canal Lands, granted to the state of Ohio to aid in the construction of canals.	

Virginia had promised bounties of lands to her troops which had served during the Revolutionary War. Lands which she had reserved for this purpose between the Green and Tennessee rivers in the present state of Kentucky proved inadequate. Therefore when she ceded to the federal Government her territory north-west of the Ohio, she reserved to satisfy these bounties the land lying in Ohio between the Scioto and Little Miami rivers.<sup>468</sup>

The origin and location of Connecticut's Western Reserve have been described at length elsewhere.<sup>469</sup>

The Ohio Company's purchase was located near and chiefly below the mouth of the Muskingum. The first white settlement in Ohio was made on this tract at Marietta.<sup>468</sup>

<sup>467</sup> *Encyclopædia Britannica*, Vol. XVII, p. 758.

<sup>468</sup> "Educational Land Policy of the United States," Barnard's *American Journal of Education*, Vol. 28, pp. 930-932.

<sup>469</sup> Consult Part I, Chap. III; also History of Connecticut School Fund, p. 230.

The Symme's purchase lay between the Great and Little Miami rivers.<sup>468</sup>

The United States military tract was set aside by an Act of Congress, 1796, to satisfy certain claims of the officers and soldiers of the Revolutionary Army.<sup>468</sup>

The location of the remaining grants has been described in the tabular statement above, or is not of sufficient importance to be described in the present summary account.

Ohio was the first state to receive for schools from the United States the grant of the section numbered sixteen in each congressional township. But the grant of section sixteen, as provided for in the original form of the Ohio Enabling Act \* did not apply to any of these reservations, sales, and grants. The tract purchased by the Ohio Company and that purchased by John Cleve Symmes, together amounting to 1,275,967 acres, were the only tracts in which section sixteen or lands in lieu of section sixteen had been reserved for schools. This left more than 9,000,000 acres—over one-third of the state—in which no lands had been granted or reserved for schools.

The situation was rendered more difficult owing to the fact that, except in the case of lands surveyed or yet to be surveyed according to the system adopted by Congress, there had been no uniformity in the system of platting the lands.

The first reservation, that of Virginia, was not surveyed according to any definite mode. Warrants for from 1,000 to 5,000 acres were given to an individual, who then located his warrant where he chose, had the land surveyed, and then recorded the plat in the Virginia office.<sup>468</sup>

The Western Reserve was surveyed by Connecticut in townships each five miles square. Some of these, known as "Fire Lands," were subdivided into quarters of 4,000 acres, and the quarters were subdivided according to the choice of their owners.<sup>468</sup>

The United States Military Reservation, like the Western Reserve, was surveyed in townships five miles square. These were subdivided into quarters of 4,000 acres, and the quarters into 100-

\* For copy of this Act see Chap. III, p. 51.



acre tracts, to enable them to be distributed among soldiers having 100-acre claims.<sup>468</sup>

If Congress expected that Ohio would be satisfied with having one-third of the state receive no appropriation of federal lands for schools, while two-thirds of the state was given one thirty-sixth (section sixteen in each township) of its area, it soon learned the error of its expectations.

The constitutional convention of Ohio, in an ordinance passed November 29, 1802, proposed as the conditions upon which they were willing to accept the propositions previously offered by Congress, modifications of and additions to the original enabling act of such a character as would provide for practically the entire state one thirty-sixth of its entire area as a school grant.

An Act of Congress passed March 3, 1803, accepted the modifications and additions.<sup>470</sup> Under this and subsequent acts the following grants were made to Ohio for the use of common schools, in lieu of sections numbered sixteen:

	ACRES
1. In the United States Military Reservation, eighteen quarter townships, 4,000 acres each * . . . . .	72,000
2. In the Connecticut Western Reserve, fourteen quarter townships, 56,000 acres, granted 1803; 37,758 acres, act of Congress, June, 1834, to complete the grant of one-thirty-sixth of the Western Reserve . . . . .	93,758
3. For the Virginia Military Reservation, granted 1807, eighteen quarter townships and three sections . . . . .	103,680
4. One thirty-sixth of Moravian Grant <sup>471</sup> . . . . .	333
Total . . . . .	269,771

One thirty-sixth of the Ohio Company's and of Symmes' purchases had been reserved for schools through the grant of section sixteen. With the exception, then, of a few small tracts which were granted to individuals, one thirty-sixth of the lands of Ohio

\* This area is explained above.

<sup>470</sup> *Statutes at Large*, Vol. II, p. 225.

<sup>471</sup> The Moravian Grant for Christian Indians was reconveyed to the United States in 1824, "in consideration of certain benefits to the society and the remnant of Indians."

were granted by the United States to Ohio for the use of schools. "As there was a small excess granted to the United States Military district, it is probable the deficiency in the private tracts was made up."<sup>472</sup>

The origin of the grant of saline lands and swamp lands, the proceeds of which are represented in Ohio's irreducible debt, has been explained previously.\*

The area of the lands the proceeds of the sales of which are represented by the irreducible debt may be represented as follows:

	ACRES
Sixteenth Section Lands . . . . .	704,488
Lands in Lieu of Section Sixteen . . . . .	269,771
Ministerial Lands . . . . . area unknown	. . . . .
Saline Lands . . . . .	24,216 <sup>473</sup>
Swamp Lands . . . . .	117,931.28 <sup>473</sup>
<hr/>	
Total area (not including Ministerial Lands) . . . . .	1,116,406.28

No provision was made in the first constitution of Ohio for the establishment of a permanent common school fund. Much uncertainty existed in the new state as to the ownership of the school lands. The Act of Congress passed March 3, 1803,<sup>470</sup> vested in trust in the legislature all lands appropriated by the United States for the support of schools. On the other hand, section sixteen was clearly stated to belong to the inhabitants of the township. The legislature doubted its right to sell the school lands, and passed at least two acts providing for leasing them. In 1803 an act was passed to lease the school lands for fifteen years. This act yielded no results. Consequently a second act was passed to lease them for ninety-nine years.†

The legislature then applied to Congress for permission to sell

\* Consult Chap. III, pp. 58-64.

† For disastrous effects of this system of long lease, see below, paragraph on "Loss."

<sup>472</sup> "Educational Land Policy of the United States," Barnard, *American Journal of Education*, Vol. 28, p. 934.

<sup>473</sup> Tables, State Land Grants of Public Lands, p. 8, General Land Office, Mar. 12, 1896. Consult also Chap. III, p. 66.

the school lands. Congress made no reply to this request. "The legislature felt the necessity of doing something, and accordingly in January, 1827, passed an act for the sale of the school lands, with such conditions as avoided any question of right as regards the people for whose benefit the lands were held. It was provided, first, that the sale of section 16, in the original surveys, should be voted on by the people of the township, and the sale made if they decided so; second, the lands were to be appraised and not sold below the appraisement; third, on full payment of the money, a deed in fee simple was to be made by the State. The same policy was adopted in reference to all the school lands."<sup>474</sup>

In 1827 the first permanent common school fund was established by the same legislature, by an act which provided that the proceeds of the sales of all school lands and salt lands, together with such gifts, donations, devises, etc., as might hereafter accrue should be funded by the state at six per cent interest.<sup>474</sup>

Ohio received \$2,007,260.36 from the United States surplus revenue distributed in 1837.<sup>475</sup> It is impossible as will appear

**United States  
Surplus Revenue,  
1837**

later, to state how much of this has been credited to the irreducible debt. An Act passed March 28, 1837, provided for loaning the principal to the counties, to the state, or to the Canal Fund. In each instance the loan was to bear interest at six per cent, and five per cent must be devoted to the support of schools.<sup>476</sup> The sums loaned to the counties were later recalled. The money which the state succeeded in recovering was used largely to redeem turnpike bonds due in 1846, to purchase state bonds and to pay the state debt.<sup>475</sup>

March 7, 1838, an act was passed by the general assembly which did not establish a permanent fund, but merely guaranteed from certain sources an annual revenue of \$200,000 for the common schools. The act reads:

<sup>474</sup> "Educational Land Policy of the United States," Barnard, *American Journal of Education*, Vol. 28, pp. 936-937.

<sup>475</sup> E. G. Bourne, *History of the Surplus Revenue of 1837*, pp. 95-99, 122. (For an account of the Surplus Revenue Fund, consult Chap. III, pp. 70-78.

<sup>476</sup> E. G. Bourne, *History of the Surplus Revenue of 1837*, pp. 95, 96.

"Be it enacted by the General Assembly of the State of Ohio,

"Sec. 3. That there shall be a state common school fund established, consisting of the interest on the surplus revenue at five per cent, the interest on the proceeds of the sales of lands; the revenue from banks, insurance, and bridge companies, and other funds to be annually provided by the state to the amount of \$200,000 per annum." The basis of distribution was school population (4 to 20 years).

An Act passed March 24, 1851, provided that "the balance of the Surplus Revenue Fund shall be added to the common school fund."<sup>477</sup> Respecting this, Bourne writes as follows: "This last phrase it has been impossible to interpret exactly, for in the school reports the Surplus (Revenue Fund) is not mentioned, as the common school fund of which it is a part is reported as a unit. It may mean the surplus left after paying the turnpike bonds and seven per cent bonds of 1851."<sup>478</sup>

It would be difficult to form even an approximate estimate of the amount the state school fund has lost through various causes. The first report of the State Superintendent of Schools (p. 41) contains the following statement:

"(School) land has been taken at six dollars per acre worth at the time fifty dollars. School lands have been sold at less than a dollar and in some cases at less than fifty cents an acre."<sup>479</sup>

Writes Mayo:

"There is no more melancholy, and certainly no more confusing, chapter in American history than the record of the amazing waste of this great national gift to the people of Ohio, as related in the report of Superintendent (Samuel) Lewis (first State Superintendent of Public Schools, 1837-1840) and condensed in the statement of President E. F. Tappan, of Kenyon College, in his contribution to the valuable centennial volume of 1875, entitled 'Education in Ohio.'<sup>480</sup>

"It is impossible to estimate the amount lost by what would seem to be, at the best, the most careless handling of a precious trust. One of the causes

<sup>477</sup> *The American Almanac*, 1853, p. 297. Repeated in succeeding issues. Reference taken from Bourne, as above, foot-notes, p. 98.

<sup>478</sup> E. G. Bourne, *History of the Surplus Revenue of 1837*, p. 98.

<sup>479</sup> Quoted from Orth, S. P., *The Centralization of Administration in Ohio*, p. 32.

<sup>480</sup> Mayo, A. D., *The Development of the Common School in the Western States from 1830 to 1865*, Report U. S. Commissioner of Education, 1898-99, pp. 360, 363.



of this was that the mass of the people who through the first generation flowed into Ohio were poor, and depended greatly on the low price of public lands for a start in life. . . . They were chiefly interested at first in getting the lands at a nominal rate and in sending members to the legislature who would resist every attempt to wrest the children's patrimony from the hands of their hard-working and anxious parents. Much of the land was leased between 1810 and 1820 at a very low figure for ninety-nine years, with privilege of renewal, though subject to revaluation every twenty or thirty years, with an increase of interest. But by the law of 1827, which the superintendent denounces as 'plunder,' tenants . . . were permitted to surrender their leases and, on the payment of the amount of the original appraisement, obtain deeds in fee simple. In many cases lands worth \$40 and \$50 per acre were sold for \$4 and \$6." <sup>480</sup>

This statement should be compared with one made above. There it was pointed out that the legislature of Ohio at first doubted its right to sell the school lands. When this right had been assumed and assured there was something to be said in favor of the law of 1827, for the increase in the value of the lands was undoubtedly due largely to their improvement by those who had leased them; and should these men be made to pay for improvements they themselves had made?

The entire policy of the state of using up the proceeds of school lands and establishing a state irreducible debt is open to serious question. This topic is fully discussed in Part I of this work. Here it is sufficient to say that an evident purpose of granting school lands to the state by the federal Government was to lessen the burden of taxation necessary to support the schools. Ohio, like many other states, by using up the principal, compels the people to be taxed for the interest, thus making the fund a means of increasing rather than of decreasing taxation for schools.

The present sources for increasing the principal are the proceeds of sales of the lands granted by Congress. It is impossible to state  
**Sources of** the acreage of the common school lands remaining  
**Increase** unsold. "These lands belong to the townships, and since the state has no concern except to receive the money when the lands are sold, there is no record (kept by the state) of the acreage." <sup>464</sup>



The revenue is apportioned among the townships and other districts of the country in proportion to their share of the original capital.<sup>481</sup> The purpose of the fund is stated in general terms: "for the support of common schools." <sup>463</sup>

**Apportionment.**  
**Objects**

capital.<sup>481</sup> The purpose of the fund is stated in general terms: "for the support of common

schools." <sup>463</sup>

In view of the fact that the revenue is regarded as interest paid upon a debt due to the districts, no conditions are named which must be fulfilled in order for a district to receive its share.\*

**Conditions of**  
**Participation**

upon a debt due to the districts, no conditions are named which must be fulfilled in order for a

\* See Idaho, foot-note 122<sup>a</sup>.

<sup>481</sup> School Laws, compiled by the State Commissioner of Common Schools, 1898, Sec. 3954.

## CHAPTER XLIV

### OKLAHOMA \*

The prospective permanent common school fund of Oklahoma is (1905) estimated at \$22,000,000, composed as follows: \$5,000,000 on deposit to the credit of Oklahoma in the United States Treasury; \$17,000,000, the estimated value of unsold common school lands. Congress, by Act organizing the territory of Oklahoma in 1890, appropriated \$50,000 in the aid of public schools.<sup>482</sup> The following year Congress authorized the government of Oklahoma to lease the lands granted to the Territory for not more than three years, the rents from the leases of these lands to constitute a revenue for public schools. Oklahoma possesses 1,413,803 acres of common school lands under lease,<sup>483</sup> estimated as worth approximately \$17,000,000. The rent yielded by these lands in 1905 amounted to \$301,026.81,<sup>483</sup> approximately twenty and one-tenth per cent (.2016)† of \$1,492,862.34,<sup>483</sup> the total common school revenue derived from all sources.

COPY

"GUTHRIE, OKLA., September 13, 1906.

"FLETCHER HARPER SWIFT, Esq.,

"Dear Sir:

Your letter of recent date addressed to the Honorable L. W. Baxter, Superintendent of Public Instruction, has been referred by him to me.

"There is at present to the credit of the state of Oklahoma in the United States Treasury the sum of five million dollars with interest at the rate of 3% from June 16, 1906 (granted for Indian Territory ‡). This five million dollars is granted the state under the statehood bill as a part of the permanent school fund, no portion of the principal ever to be used but to be invested as a perma-

\* See also Indian Territory and notes.

† Computed.

‡ See also Indian Territory and notes.

<sup>482</sup> Report Supt. of Public Instruction, Okla., 1891-93, p. 5.

<sup>483</sup> Data furnished Sept. 13, 1906, by Fred L. Wenner, Sec. of Board for Leasing School Land.

nent common school fund. Under the provisions of this same bill the state also receives 5% of the receipts from the sale of all public lands within the territory or state from June 16, 1906, to be also added to the permanent common school fund. In addition to this the state has 1,413,803 acres of lands reserved for common school purposes, the same being sections 16 and 36 in every township, and also some indemnity land granted in lieu of such sections where they are lost.

"The present appraised value of this land is seventeen million dollars in round numbers. Under the provisions of the Enabling Act, this land can be sold, the proceeds to form a part of the permanent common school fund or it can be retained and leased. The Territory has leased its lands for some years, the total receipts to date from the leasing of the common school lands having been \$1,970,702.91. Of this amount \$301,026.81 was received during the past year, the same being distributed to the various school districts of the Territory per capita of school population, the amount per capita for the year being \$1.60.

"In addition to the common school lands, the Territory has 1,372,007 acres of lands reserved for the benefit of the higher institutions of learning of the Territory. Much of this land is of a poorer character located in the grazing districts in the extreme western portion of the Territory, the appraised value of the total amount at this time being eight million dollars.

"I return herewith the sheet of questions and the advance sheet from your book with certain notations and corrections thereon. If this does not give you what information you desire I will be glad to furnish anything additional.

"Very respectfully,

"FRED L. WENNER,

*"Secretary of the Board."*

#### COPY

"Office of Superintendent of Public Instruction of Oklahoma.

"GUTHRIE.

"MR. FLETCHER HARPER SWIFT,

"Dear Sir: Yours of July 26th came to hand during my absence from the city. Up to this time there is no established school fund except the school land fund now owned and controlled by the Territory. I have no copy of the Constitution as finally finished by the Constitutional Convention, and cannot send you a copy of the section dealing with the establishment of a school fund. The sale of these school lands under the Constitution is checked up to the legislature.

"Very truly yours,

"J. E. DYCHE.

"8-6'07.

"R."

## CHAPTER XLV

### OREGON

#### COMMON SCHOOL FUND

The state permanent common school fund of Oregon is officially known as the Common School Fund.<sup>484</sup> In 1906 the Common

**Title.** School Fund consisted of \$4,599,460.39,<sup>485</sup> and  
**Condition, 1906** a reservation of five hundred thousand acres (500,000) (1905) of school lands estimated to be worth \$1,000,000,<sup>486</sup> the proceeds of which when sold will be added to the principal of the fund. Of the \$4,599,460.39 named above, \$4,120,747.60 is invested chiefly in first mortgage loans and school district bonds; the remaining \$478,712.70 is made up as follows: \$305,794.37 certificates of sale of school lands; \$154,418.33 certificates of sale of land acquired by deed or foreclosure, unsold farms acquired by deed or foreclosure \$18,500.<sup>485</sup> The annual revenue amounts (1906) to \$281,060.86.<sup>487</sup> In 1905 the revenue derived from the Common School Fund was \$272,352.74 which is approximately thirteen and five-tenths per cent (.1353) of the total common school revenue for that year, \$2,012,718.<sup>488</sup>

The Common School Fund was established by the first constitution adopted by the state and which became effective upon her admission into the Union in 1859.<sup>484</sup> The original  
**Origin** capital of the fund consisted of 3,829,706 acres of school lands granted by the United States Government, of which 3,329,706 acres were the sixteenth and thirty-sixth sections in each township, and the remaining 500,000 acres<sup>484</sup> were lands received under the 1841 Act of Congress.<sup>489</sup>

<sup>484</sup> Constitution of Oregon, Art. VIII, Sec. 2.

<sup>485</sup> Oregon State Treasurer's Report, 1905-06, p. 106.

<sup>486</sup> Data furnished Nov. 16, 1906, by C. S. Moore, Oregon State Treasurer.

<sup>487</sup> Oregon State Treasurer's Report, 1905-06, p. 32.

<sup>488</sup> Report U. S. Commissioner of Education, 1905, Vol. I, p. 306.

<sup>489</sup> Report of State Supt. of Public Instruction of Oregon, 1880, p. 64, gives the

The sources from which the principal of the Common School Fund may be increased are as follows: (1) the proceeds of the sale of the sixteenth and thirty-sixth sections of every township in the state, or of any lands selected in lieu thereof;<sup>496</sup> (2) the proceeds of the sale of the five hundred thousand acres of land to which the state is entitled by the provisions of an act of Congress, approved September 4, 1841;<sup>496</sup> (3) proceeds of property escheating or forfeited to the state;<sup>484</sup> (4) moneys paid as exemption for military duty;<sup>434</sup> (5) proceeds of gifts, devises, bequests made by any person to the state for common school purposes;<sup>484</sup> (6) proceeds of all property granted to the state when purposes are not stated;<sup>484</sup> (7) five per cent of the net proceeds of the sales<sup>484</sup> of all federal public lands; (8) ten per cent of all proceeds of swamp lands;<sup>490</sup> (9) the proceeds of the sale of tide-lands or sand islands within the state;<sup>496</sup> (10) fines imposed for violation of laws regulating the practice of medicine.<sup>496</sup> Whether the five per cent derived from proceeds of sales of public lands and the ten per cent of the proceeds of the sales of swamp lands are added to the principal of the Common School Fund as provided for by the constitution, I have been unable to determine. The State Treasurer, in naming the sources from which this fund is derived, omits these two,<sup>496</sup> and in the same report states that the proceeds of these lands are devoted to other objects; but he may have considered it unnecessary to speak of these per cent funds.

The State Treasurer estimates that the total loss sustained by the Common School Fund from the time of its establishment to the present does not exceed \$20,000. This has been caused chiefly by unwise loans on farm property and the depreciation in value of security during the depression of 1893-98. One instance of such loss might be cited. \$10,000 was

total area of school lands originally devoted to the Common School Fund as 3,377,777 acres.

<sup>490</sup> School Laws of Oregon, compiled by Supt. of Public Instruction, 1897, p. 47, Title XIII, Sec. 21.

<sup>496</sup> Oregon State Treasurer's Report, 1905-06, p. 31.



loaned to Baker City Academy. This property was taken up and disposed of for \$1,500 to Baker City School District making a total loss of \$8,500.<sup>486</sup>

The Common School Fund is managed by a board of commissioners of school and university lands, composed of the Governor,  
**Management** Secretary of State, and State Treasurer. It is  
 loaned by them at not less than seven per cent.<sup>491</sup>

The revenue is distributed by the board of commissioners among  
**Apportionment** the counties upon the basis of the total county  
 school population (four to twenty years).<sup>491</sup>

The revenue of the Common School Fund cannot be used to  
 pay for school supplies or buildings or completing or seating school-  
**Objects** houses ready for occupancy.<sup>492</sup> The objects to  
 which it may be applied are not specified: "Inter-  
 est of the Common School Fund shall be so exclusively applied to  
 the support and maintenance of common schools . . . for the pur-  
 chase of suitable libraries and apparatus." \*

In order to share in the revenue of the Common School Fund, a  
 district must annually report to the county superintendent<sup>493</sup> and  
**Conditions of** maintain a school one-fourth of the school year  
**Participation** (sixty days or twelve school weeks<sup>494</sup>). The direct-  
 ors of a district must require a bond of district clerk not less than  
 double the probable amount of all school moneys which shall  
 come to his hand.<sup>495</sup>

\* Compare, Idaho, foot-note 122<sup>a</sup>.

<sup>491</sup> School Laws of Oregon, compiled by Supt. of Public Instruction, 1897,  
 p. 49, Sec. 2.

<sup>492</sup> Ibid., p. 43, Title IV, Sec. 42.

<sup>493</sup> Ibid., p. 33.

<sup>494</sup> Ibid., p. 39, Title V, Sec. 61.

<sup>495</sup> Ibid., p. 25, Secs. 37, 38.

## CHAPTER XLVI

### PENNSYLVANIA

#### COMMON SCHOOL FUND

Pennsylvania possesses no state permanent common school fund. The legislature provided for the establishment of such a fund in 1831,<sup>497</sup> three years before it provided for a state system of public schools. Mayo states that in 1834 the fund amounted to over one and one-half million dollars (\$1,550,000),<sup>498</sup> but the entire fund appears to have been lost in less than forty years, for the school reports in 1870 and 1872 state that Pennsylvania has no school fund like many of her sister states, but derives all her moneys for public schools from taxation.<sup>499</sup>

Section 44 of Pennsylvania's constitution of 1776 provided that "a school or schools shall be established in each county by the legislature for the convenient instruction of youth, with such salaries to the masters paid by the public as may enable them to instruct youth at low prices."<sup>500</sup>

Despite this early constitutional provision, not until 1834 was an act providing for a general system of common schools passed.<sup>501</sup> However, this law was largely ineffective, and the real foundation of the state system of schools is a law passed in 1836.<sup>502</sup> The laws of 1834 and 1836 left the establishment of public schools to the

<sup>497</sup> Act passed Apr. 2, 1831, quoted in full by James Pyle Wickersham, *History of Education in Pennsylvania*, pp. 292-293.

<sup>498</sup> A. D. Mayo, *The American Common School*, etc., Report U. S. Commissioner of Education, 1895-96, pp. 261, 262.

<sup>499</sup> Report U. S. Commissioner of Education, 1870, p. 270; 1872, p. 288.

<sup>500</sup> B. A. Hinsdale, *Educational Documents*, Report U. S. Commissioner of Education, 1892-93, p. 1314.

<sup>501</sup> J. P. Wickersham, *History of Education in Pennsylvania*, pp. 290-316.

<sup>502</sup> *Ibid.*, p. 343.

option of the district, but in 1848 a law was enacted making the maintenance of free public schools compulsory for the entire state.<sup>502</sup>

As early as 1786 Pennsylvania took steps toward establishing a permanent common school fund. On April 7th of that year an act was approved entitled, "An Act for the present relief and future endowment of Dickinson College in the Borough of Carlisle and County of Cumberland in this State, *and for reserving part of the unappropriated lands belonging to the State, as a fund for the endowment of public schools agreeably to the forty-fourth section of the Constitution of this Commonwealth.*"<sup>503</sup> Section VII of this act reads as follows:

"Sec. VII. It is therefore enacted, etc., that sixty thousand acres of land, part of the unappropriated lands belonging to the State, be and they are hereby reserved and appropriated for the sole and express purpose of endowing public schools in the different counties of this State, agreeably to the said forty-fourth section of the Constitution."<sup>503</sup>

Sections VIII, IX, and X made further provisions relative to surveying the lands and setting apart the proceeds of the sales as a permanent fund.<sup>504</sup>

But the public schools never received any benefit from the land set apart by this act in their behalf; it was probably given subsequently to county academies.<sup>505</sup>

In 1821 Governor Hiester in his message urged the legislature to consider the question of uniting with others of the original states in demanding of the federal Government an equitable proportion of the public lands for the support of schools.<sup>505</sup> In 1824 Governor Schulze spoke as follows: "I would respectfully suggest whether an annual sum specially appropriated for that purpose, would not in a few years raise a fund equal to the diffusion of the elements of education among the children of the republic."<sup>505</sup>

In 1827 a bill "to provide a fund in support of a General System of Education in Pennsylvania" was passed by the state senate but

<sup>503</sup> Ibid., p. 257.

<sup>504</sup> Ibid., pp. 257, 258.

<sup>505</sup> Ibid., p. 268.

was defeated in the house.<sup>506</sup> "But," in the words of Wickersham, "the bread thus cast upon the waters returned in a few years in the following Act, passed on the second of April, 1831." The provisions of this Act may be summarized briefly by saying that it provided that the proceeds of the sales of certain public lands be set apart as a permanent common school fund, to be managed by a board of commissioners, the fund to accumulate until its annual income should amount to \$100,000, after which the interest was to be distributed among the school units of the state. The Act reads as follows: <sup>506</sup>

"Sec. I. That there shall be and there hereby is established a fund, to be denominated a Common School Fund, and the Secretary of the Commonwealth, the Auditor General and the Secretary of the Land Office shall be commissioners thereof, who, or a majority of them, in addition to the duties they now perform, shall receive and manage such moneys and other things as shall pertain to such fund, in the most advantageous manner, and shall receive and hold to the use of said fund, all such gifts, grants and donations as may be made; and that said commissioners shall keep a correct record of their proceedings, which, together with all papers and documents relative to said fund, shall be kept and preserved in the office of the Auditor General.

"Sec. II. That from and after the passage of this Act, all moneys due and owing this Commonwealth by the holders of all unpatented lands; also all moneys secured to the Commonwealth by mortgages or liens on land for the purchase money of the same; also all moneys paid to the State Treasurer on any application hereafter entered, or any warrant hereafter granted for land, as also fees received in the land office, as well as all moneys received in pursuance of the provisions of the fourth section of an Act entitled 'An Act to increase the county rates and levies for the use of the Commonwealth,' approved the twenty-fifth day of March, 1831, be and the same are hereby transferred and assigned to the Common School Fund; and that at the expiration of twelve months after the passage of this Act, and regularly at the expiration of every twelve months thereafter, the State Treasurer shall report to the said commissioners the amount of money thus received by him during the twelve months last preceding, together with a certificate of the amount thereof, and that the same is held by the Commonwealth for the use of the Common School Fund, at an interest of five per cent.

"Sec. III. That the interest of the moneys belonging to said fund shall be added to the principal as it becomes due, and the whole amount thereof shall be held by the Commonwealth, and remain subject to the provisions of an

<sup>506</sup> Ibid., pp. 292, 293.

Act entitled, 'An Act relative to the Pennsylvania canal and railroad,' approved the twenty-second of April, 1829, until the interest thereof shall amount to the sum of \$100,000 annually, after which the interest shall be annually distributed and applied to the support of common schools throughout this commonwealth, in such a manner as shall hereafter be provided by law."

It was estimated that the Common School Fund would amount to \$2,000,000 in ten years. The preamble of "An Act to establish a general system of education by common schools" states that on April 4, 1835, the School Fund will amount to \$546,563.72."<sup>507</sup> Mayo asserts, as was stated in the opening paragraph of this account, that in 1834 the fund amounted to \$1,550,000.<sup>498</sup>

The Act of 1834 (section nineteen), provided that \$75,000 be appropriated annually for public schools from the income of the Common School Fund until the income should amount to \$100,000, as provided by the Act of 1831.<sup>508</sup>

Pennsylvania received \$2,867,514.78 from the United States Government<sup>509</sup> as this state's share of the surplus revenue distribution of 1837.\* Bourne estimates that about \$800,000 of this amount was devoted to the aid of public schools;<sup>510</sup> \$500,000 of this sum was set apart as a fund "to be applied by the several districts either for buildings, repairing or purchasing school-houses, or for education, as they may deem best."<sup>511</sup> It does not appear that this sum was set apart as a permanent fund, but rather that the principal was expended prior to 1840.<sup>510</sup>

**United States  
Surplus  
Revenue, 1837**

\* For a full account of the surplus revenue distribution consult Part I, Chap. III.

<sup>507</sup> Ibid., p. 313.

<sup>508</sup> Ibid., p. 316.

<sup>509</sup> E. G. Bourne, *History of the Surplus Revenue of 1837*, p. 99.

<sup>510</sup> Ibid., p. 102.

<sup>511</sup> Ibid., p. 100.



## CHAPTER XLVII

### RHODE ISLAND

#### PERMANENT SCHOOL FUND

The state permanent common school fund of Rhode Island, officially known as the Permanent School Fund <sup>512</sup> is invested as a distinct and separate fund, <sup>513</sup> chiefly in town and city bonds. <sup>513</sup> In 1905 the principal amounted to \$257,414 <sup>513</sup> and the annual interest or income from the same to \$9,131 <sup>513</sup> approximately forty-five hundredths per cent (.0045)\* of \$2,014,821, the total common school revenue derived from all sources in 1905. <sup>514</sup>

The Permanent School Fund was established in 1828, by an act which appropriated \$5,000 as the basis of a permanent fund to be increased by revenues from lotteries (lotteries were abolished 1843), and auctions when a balance remained from these two sources after having paid the annual appropriations provided for by section 1 of the same act. <sup>515</sup> Rhode Island received \$382,335 <sup>30</sup> as its share of the United States Surplus Revenue Loan of 1837. By an Act passed November 5, 1836, this entire amount was originally devoted to education <sup>516</sup> and to it was added \$4,276 received in 1858 from the federal Government from the proceeds of the sales of federal lands. The principal

\* Computed.

<sup>512</sup> Laws Pertaining to Education, compiled by Commissioner of Public Schools, 1896, Chap. 30, Sec. 1.

<sup>513</sup> Data furnished Dec. 4, 1906, by L. M. Coggeshall, Clerk to the Rhode Island State Commissioner of Public Schools.

<sup>514</sup> Rhode Island State Treasurer's Report, 1903, p. 66; Report U. S. Commissioner of Education gives revenue of state and local funds and rent of school lands as \$15,223; \$9,121 of this is interest on the permanent school fund, \$6,102 is revenue from local funds and gifts.

<sup>515</sup> Stockwell, Thos. P., *History of Public Education, R. I.*, p. 45.

<sup>516</sup> Public Laws of R. I., passed since 1835, pp. 913, 914.

was in part loaned to the towns and in part deposited in banks which were to pay five per cent interest.<sup>517</sup> "The state by the close of the year 1857 had borrowed all but \$155,541 and in January, 1859, transferred that amount to the Permanent School Fund. To this it subsequently added \$11,192 surplus state revenue in 1860," making the total amount added to the fund, \$166,733.<sup>518</sup> The state appears not to recognize her indebtedness, i. e., she makes no payment of annual interest on the United States Surplus Revenue but the annual state appropriation for common schools, \$120,000, exceeds and perhaps may be considered to include, such interest.<sup>517</sup>

The present sources provided to increase the principal of this fund are two: taxes on auctioneers' fees,<sup>519</sup> and quotas of state school revenue forfeited by towns.<sup>520</sup>

The fund is managed by the general treasurer with the advice of the governor.<sup>521</sup>

To the income of the Permanent School Fund must be added from the state treasury an amount sufficient to make the total, a sum fixed by law (\$120,000, 1905). This total is denominated "teachers' money" and is apportioned on a twofold basis as follows: (1) \$100 to each school in every town not to exceed more than fifteen in any one town; (20) the remainder on the basis of town school population (five to fifteen years.)<sup>522</sup>

"Teachers' money including the revenue of the Permanent School Fund can be used solely for the payment of teachers' wages."<sup>523</sup>

In order to participate in the revenue, the town must raise by local tax an amount equal to the share it receives from the state.<sup>524</sup>

<sup>517</sup> E. G. Bourne, *History of Surplus Revenue of 1837*, pp. 103-106.

<sup>518</sup> Report U. S. Commissioner of Education, 1806-97, p. 642; also E. G. Bourne, *History of the Surplus Revenue of 1837*, p. 105.

<sup>519</sup> School Law, p. 15, Chap. 30, Sec. 2.

<sup>520</sup> Ibid., p. 30, Chap. 53, Sec. 5, also p. 15, Chap. 30, Sec. 3.

<sup>521</sup> Ibid., p. 15, Chap. 30, Sec. 1.

<sup>522</sup> Ibid., p. 38, Chap. 53, Sec. 2.

<sup>523</sup> Ibid., Sec. 3.

<sup>524</sup> Ibid., Sec. 4.

## CHAPTER XLVIII

### SOUTH CAROLINA

#### PERMANENT SCHOOL FUND

The permanent state common school fund of South Carolina is known officially as the Permanent School Fund.<sup>525</sup> This title

**Title.** appears to be based on usage and not on any  
**Condition, 1906** legislative provision. "Our permanent fund is practically nothing and is not regarded as a part of the public school fund in making up our statistics."<sup>526</sup> The principal of this fund in 1906 amounted to about \$46,000<sup>527</sup> yielding \$2,251.74 annual interest at four per cent,<sup>527</sup> which is approximately sixteen hundredths per cent (.0016)\* of \$1,372,063, the total common school revenue derived from all sources.<sup>528</sup>

**Objects** "This interest is now used only for Teachers' Institutes."<sup>527</sup>

South Carolina appears to have established a permanent school fund in 1811, but little, if any, reliable information concerning it has been available. Section 11, article X, of the  
**Origin** constitution adopted in 1868<sup>529</sup> provided that "The proceeds of all lands that have been or hereafter may be given by the United States to this state for educational purposes, and not otherwise appropriated by this state or the United States, and of all lands or other property given by individuals, or appropriated by the state for like purposes, and of all estates of deceased persons who have died without leaving will or heir, shall be securely

\* Computed.

<sup>525</sup> Report S. Car. State Supt. of Education, 1903, p. 185.

<sup>526</sup> Extract from personal letter written Dec. 11, 1906, by W. H. Barton, Chief Clerk, S. Car. Department of Education.

<sup>527</sup> Data furnished by S. Car. State Treasurer, R. H. Jennings, Dec. 19, 1906.

<sup>528</sup> Report U. S. Commissioner of Education, 1906, Vol. I, p. 306.

<sup>529</sup> Report U. S. Commissioner of Education, 1892-93, p. 1359.

invested and sacredly preserved as a state school fund, and the annual interest and income of said fund, together with such other means as the general assembly may provide, shall be faithfully appropriated for the purpose of establishing and maintaining free public schools and for no other purposes or uses whatever.”<sup>529</sup>

**Management**           The Permanent School Fund is managed by the State Treasurer.<sup>530</sup>

The principal may be increased by moneys derived from the following sources:<sup>531</sup> (1) grants of land or gifts of money made to

**Sources of Increase**           the state for educational purposes; (2) all gifts to the state where the purpose is not designated; (3) all escheated property; (4) net assets or funds of estates or copartnerships in the hands of the court of the state where there has been no claimants for the same within the last seventy years; (5) money resulting from the refunding of the direct-tax Act of Congress 1891; (6) liquor licenses except so much as is allotted to counties and municipal corporations.

<sup>530</sup> School Law of S. Car., 1896, p. 9, Sec. 5.

<sup>531</sup> School Law of S. Car., 1896; Constitution of 1895, Report U. S. Commissioner of Education, 1896-97, p. 648.

## CHAPTER XLIX

### SOUTH DAKOTA

#### PERMANENT SCHOOL FUND

The permanent common school fund of South Dakota, known officially as the Permanent School Fund <sup>532</sup> was composed in 1906

Title	as follows: <sup>533</sup> total invested cash principal
Condition, 1906	\$4,807,587; 1,283,910 acres of leased school lands valued at \$19,258,650; and 918,844 acres of unleased school lands valued at \$9,188,440, making the total value of the fund, invested and prospective, \$33,254,677. Ten dollars per acre is provided by the state constitution as the minimum sale price. <sup>535</sup> In some cases the lands may have to be disposed of for less than this, but this would require a constitutional amendment. In other cases they are sell- ing for \$40 and \$50 per acre so that \$10 per acre is a conservative estimate. <sup>534</sup> The average price per acre received in 1905 was slightly over \$26. <sup>534</sup> The fund has been most wisely managed. It is kept as a distinct and separate fund. The principal is invested in farm loans, school, county, township and municipal bonds. <sup>533</sup> The state has never borrowed any portion of the fund, and it has not suffered a single loss. <sup>533</sup> The revenue is so large that many school districts depend upon it for the largest part of their support. <sup>533</sup> In 1902 the revenue derived from the Permanent School Fund together with the rent of school lands amounted to \$357,527, <sup>116</sup> which was approximately seventeen and six-tenths per cent (.176) <sup>113</sup> of \$2,026,576, <sup>116</sup> the total common school revenue derived from all

<sup>532</sup> Constitution of S. Dak., Art. VIII, Sec. 11; Report U. S. Commissioner of Education, 1892-93, p. 1395.

<sup>533</sup> Official statement received Nov. 28, 1906, from M. M. Ramer, S. Dak. State Supt. of Public Instruction.

<sup>534</sup> Private letter from S. Dak. State Supt. of Public Instruction, Nov. 8, 1906.

<sup>535</sup> Report U. S. Commissioner of Education, 1906, Vol. I, p. 306.



sources, including taxation for that year.<sup>535</sup> In 1906 the total common school revenue derived from all sources was \$2,513,828, of which approximately twelve per cent (.1195)\* was derived from the Permanent School Funds and its lands as follows: from the interest on the principal of the Permanent School Fund, \$149,846; rent of school lands \$150,773; total income \$300,619.<sup>533</sup>

Upon her admission into the Union, South Dakota received from the federal Government, 2,150,480 acres of school lands for the support of common schools, the same being the sixteenth and thirty-sixth sections in each township.<sup>537</sup> Her first constitution, adopted November 2, 1889, provided for the establishment of a permanent common school fund from the proceeds of the sales of these lands.<sup>536</sup>

The constitution provides that the following sources shall be devoted to increasing the principal of the Permanent School Fund:

<b>Sources of Increase</b>	(1) proceeds of the sales of public lands given by the United States; (2) a certain percentum (five per cent, see Enabling Act), to be fixed by law, of the state's share of the proceeds of the sales of federal lands lying within the state; (3) proceeds of property escheating to the state; (4) proceeds of gifts or donations to the state for public schools or not otherwise appropriated by the terms of the gift; (5) all property otherwise acquired for the maintenance of public schools by the state. <sup>538</sup>
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The principal of the Permanent School Fund is distributed among the counties which hold and manage their shares as trust

<b>Management</b>	funds and are responsible to the state for the inviolate preservation of the same. <sup>532</sup>
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<b>Apportionment</b>	The revenue is apportioned among the public school corporations in proportion to the school population <sup>539</sup> (six to twenty-one years). <sup>540</sup>
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\* Computed.

<sup>535</sup> Constitution of S. Dak., Art. VIII, Sec. 5.

<sup>537</sup> Report Land Commissioner, 1898, p. vii.

<sup>538</sup> Constitution of S. Dak., Art. VIII, Sec. 2.

<sup>539</sup> Ibid., Sec. 3; *Amended School Laws of the State of S. Dak.*, compiled by Supt. of Public Instruction, 1901, Sec. 25.

<sup>540</sup> *Amended School Laws*, 1901, p. 12, Sec. 20.

“For the maintenance of public schools in the state” <sup>537</sup> is the only provision made as to the uses to which the revenue may be applied, and neither the constitution nor the laws name any conditions which the school corporations must fulfil in order to share in the revenue of the Permanent School Fund.\*

Lawful Objects.  
Conditions of  
Participation

\* See Idaho, foot-note 122<sup>a</sup>.

## CHAPTER L

### TENNESSEE

#### PERMANENT SCHOOL FUND

The Laws of 1873 (page 25, section 34), provide that a bonded debt against the state of \$2,512,500 should constitute the Permanent School Fund.<sup>541</sup> The state pays annually, out of its taxes, six per cent interest on this fund,<sup>541</sup> amounting in 1902 to \$137,125.48.<sup>542</sup> The so-called revenue, therefore, of the Permanent School Fund is nothing more or less than a form of state school tax. It might almost be said that the present Permanent School Fund has no existence except on the books of the state. However, certain means of increasing its principal are provided by law, which admits the possibility of accumulating a productive capital. The total common school revenue derived from all sources amounted in 1902 to \$1,883,744.66<sup>542</sup> and in 1905 to \$3,101,847.<sup>542</sup> The interest paid by the state on the Permanent School Fund constituted, therefore, approximately seven and three-tenths per cent (.0727)\* in 1902, and four and four-tenths per cent (.044) in 1905, of the total common school revenue in each of these respective years.

In the year 1790, North Carolina ceded to the United States the "sovereignty and territory of all lands" within the present limits of Tennessee. Tennessee was admitted into the Union six years later, 1796, but the federal Government retained the title to the public lands lying within the new state. In 1802 Ohio was admitted as a state and received her sixteenth section school land grant from Congress. But it

\* Computed.

<sup>541</sup> Report Tenn. Supt. of Public Instruction, 1890-91, p. 36; Public School Laws of Tenn., 1895, p. 18, Sec. 34.

<sup>542</sup> Data furnished Sept. 16, 1906, by S. A. Mynders, Tenn. State Supt. of Public Instruction.

was not until 1806 that a similar provision was made for Tennessee. In this latter year the United States ceded to Tennessee the public lands lying within the state on which the Indian title had been extinguished.<sup>543</sup> The grant made by Congress in 1806 read as follows: "And the State of Tennessee shall, moreover, in issuing grants and perfecting titles locate 640 acres to every six miles square in the territory hereby ceded where existing claims will allow the same, which shall be appropriated for the use of schools for the instruction of children forever."<sup>544</sup> In the case of Ohio the sixteenth section was definitely located by the United States survey system and given to the inhabitants of the township in which it lay. But Tennessee did not receive its grant of school lands until ten years after its admission into the Union and it had not been covered by the federal survey system. It was not, therefore, divided into townships six miles square, and the school sections, granted by Congress could not be definitely located.<sup>544</sup> Moreover, during the ten years between 1796 and 1806 much of the public land had been taken up by settlers who had in many cases cultivated the land and now resisted stubbornly the efforts to take these lands from them for the schools. One other fact of great importance must be noted here, namely, that in the case of Tennessee the title to these lands was not vested in the township or district, but in the state.<sup>544</sup> In 1806 the state enacted that the newly acquired lands should be surveyed and laid out "so as to form sections, i. e., tracts of land, as near six miles square as the case will admit" and that six hundred and forty acres fit for cultivation should be laid off in each such six-mile square division and "appropriated for the use of schools for the instruction of children forever."<sup>545</sup> The act reads:

"Be it enacted by the General Assembly of the state of Tennessee, That two registers of the land office shall be appointed by joint ballot of both houses of

<sup>543</sup> Report Tenn. Supt. of Public Instruction, 1891, pp. 24, 26.

<sup>544</sup> T. P. Thomas, *The Public School System of Tenn.*, U. S. Bureau of Education, Circular of Information, No. 5. 1893, pp. 282-283.

<sup>545</sup> Laws of Tenn., 1806, Chap. 1, Secs. 1-6; Haywood and Cobb's *1831 Digest*, pp. 44-52.

the General Assembly; . . . One of said registers shall keep his office at the seat of government, who shall be denominated the register of the land office of east Tennessee; and one shall keep his office at Nashville, and shall be denominated the register of the land office west of Tennessee. (4) Each of the surveyors by this act appointed and recognized, shall without delay cause the part of land within his district, to which the Indian claim has been extinguished, to be divided by north and south lines, run according to the true meridian and by others crossing them at right angles, so as to form sections as near six miles square, as the case will admit, unless where the line of the late Indian purchase, or any other exterior boundary may render it impracticable, and then this rule shall be departed from no further, than such particular circumstances may require. The corners of the sections shall be marked with progressive numbers from the beginning; each distance of a mile between the said corners, shall also be distinctly marked, with marks differing from those of the corners and the lines of the sections distinguished by marks differing from other lines; and it shall be the duty of the surveyors respectively to cause to be marked on a tree near each corner made as aforesaid, and within the section, the number of such section; and the said deputies shall carefully note in their respective field books, the names of the corner trees marked, and the number so made. (6) After ascertaining the claims as aforesaid, the principal surveyor shall cause to be laid off and surveyed with plain marked lines, six hundred and forty acres of land in one or more tracts, which shall be fit for cultivation and improvement, and which shall be as near the center of each section as existing claims and the quality of the land will admit, which shall be appropriated for the use of schools for the instruction of children, forever, agreeably to the provisions of the before recited act of Congress, which also shall be placed in their proper places in the general plan. And in any section where it may appear that there is not land sufficient fit for cultivation for the use aforesaid, the surveyor shall certify the truth of the case to the next General Assembly, in order that the legislature may make provision for every such section, which may be in the whole or in part deficient.”<sup>545</sup>

The policy pursued from 1806 to 1824 was to lease the common school lands through commissioners appointed by the county courts.<sup>546</sup>

In 1825 was made the first provision for their sale, but an act passed the following year postponed the sale until certain suits regarding the title to the lands should be settled.<sup>547</sup> In 1827 “a

<sup>540</sup> Laws of Tenn., 1817, Chap. 67; Tenn. Laws, 1821, Chap. 67; Haywood and Cobb's *1831 Digest*, pp. 159-161.

<sup>547</sup> Laws of Tenn., 1825, Chap. 85; 1826, Chap. 64; Haywood and Cobb's *Digest*, pp. 166-168.



general school law was enacted to consolidate all schools funds into one common school fund appropriated to the encouragement and support of common schools forever.”<sup>543</sup> This fund was entitled the Common School Fund.<sup>548</sup> The law provided that the Common School Fund was to consist of the proceeds of the sales of school lands, escheats, gifts, 6,000 acres of land given by John Rice; 400 shares of Knoxville State Bank stock; proceeds of intestate estates, and various other items.<sup>548</sup> The constitution of 1835 (article XI, section 10) provided that the Common School Fund shall remain a perpetual fund for common schools.<sup>549</sup>

On October 24, 1836, the state provided for accepting its share of the United States Surplus Revenue to be distributed among the states by the federal Government in 1837. Tennessee’s share amounted to \$1,433,757, though whenever the amount is mentioned in the state reports it is given as \$1,353,209. On January 19, 1838, was passed “An Act to establish a State Bank, to raise a fund for internal improvements, and to aid in the establishment of a system of education.” The State Bank provided for by this Act was capitalized at \$5,000,000, consisting of the School Fund, the Surplus Revenue, and the unexpended interest thereon, the proceeds of the sales of the Ocoa lands, and of enough loans in addition as were necessary to complete the \$5,000,000. It was provided that there should be appropriated annually from the dividends of the bank \$100,000 for common schools and \$18,000 for academies. This annual appropriation may be regarded as the interest on the School Fund and on the Surplus Revenue Deposit, invested in bank stock. The Surplus Revenue was not, however, considered a part of the principal of the School Fund; on the contrary, at this time it is named as a resource for paying the state debt if the federal Government should fail to recall it.<sup>550</sup>

From the very beginning the management of the lands granted

<sup>548</sup> Laws of Tenn., 1827, Chap. 64; Haywood and Cobb’s 1831 *Digest*, p. 169.

<sup>549</sup> Quoted in Report U. S. Commissioner of Education, 1899-1900, Vol. I, p. 556.

<sup>550</sup> E. G. Bourne, *History of the Surplus Revenue of 1837*, pp. 110-115.

to Tennessee for public schools was unsystematic and lax. The claims of those who had settled on the lands previous to 1806, and their opposition to the sale of these lands has already been referred to.<sup>551</sup> The weakness and lack of centralization in the official management of schools was a second cause of loss. "Every distribution of the public school funds (prior to 1868) was compelled to run the gauntlet of ten different officials before it reached the district school-house. It is not necessary to infer that it was fraudulently appropriated, but there was a score of ways by which it could be 'plundered by a thousand hands on its journey to the children' "<sup>552</sup>

Robert McEwen, State Superintendent of Schools, 1836-40, succeeded in robbing the Common School Fund of thousands of dollars. A committee of seven was appointed by the legislature in 1839 to examine his accounts. The real condition was revealed by an investigation by a committee of five subsequently appointed. This committee reported that Superintendent McEwen "was a general operator in a variety of 'wild cat' schemes, such as banks insolvent from the beginning; loans to partners in mercantile houses; land companies in Texas and Alabama, with a constant reputation for 'note shaving.' "<sup>553</sup> During his four years of office Superintendent McEwen had borrowed from the Common School Fund \$121,169. Much of this was never collected. The financial affairs of the Department of Education were placed in the hands of a receiver "who in the first six months of his administration had collected \$17,000 of the \$121,000 in the hands of the late Superintendent."<sup>553</sup> Despite its many vicissitudes the Common School Fund is reported to have amounted to \$1,500,000 in 1848.<sup>552</sup> It will be recalled that this fund had been made a part of the capital of the State Bank of Tennessee, organized in 1838. This bank with its nine branches speedily entered upon a career of decline

<sup>551</sup> A. D. Mayo, *The Organization and Development of the American Common School in the Atlantic and Central States of the South*, 1830-60, Report U. S. Commissioner of Education, 1899-1900, p. 554.

<sup>552</sup> *Ibid.*, p. 555.

<sup>553</sup> *Ibid.*, pp. 552-553.

and wreckage in which, of course, the Common School Fund and Surplus Revenue Fund were involved. The bank failed during the Civil War and with its failure the permanent school funds were lost.<sup>554</sup> In 1873, the act of the legislature referred to in the opening sentence of this account, recognized the obligation of the state to the common school fund, and authorized the governor to sign a certificate of indebtedness as a permanent fund, said certificates to include the "original fund and the interest that would have accrued up to January 1, 1873."<sup>543</sup>

The following sources are provided for increasing the principal of the Permanent School Fund: (1) the proceeds of all escheated property; (2) the proceeds of all forfeited property; (3) the proceeds of all property bought for taxes; (4) the proceeds of all intestate estates; (5) gifts to the state for public schools when no other purpose is specified by the donor.<sup>555</sup>

No specific provision is made in the School Laws for the management of the Permanent School Fund. The State Treasurer is required to keep a separate account of all school moneys coming into his hands.<sup>556</sup>

The interest on the Permanent School Fund is apportioned among the counties by the Controller.<sup>557</sup>

It appears to be left to the judgment of the district directors to determine to what objects their share of the interest of the Permanent School Fund is to be applied. They are "to use the school fund apportioned to their district . . . in such manner as will promote the interest of public schools."<sup>558</sup>

The laws appear to name no conditions which must be fulfilled by a district in order to participate in the interest of the Permanent School Fund.\*

\* Compare Idaho, foot-note 122<sup>a</sup>.

<sup>554</sup> Ibid., p. 556.

<sup>555</sup> Public School Laws of Tenn., 1895, p. 18, Sec. 34.

<sup>556</sup> Ibid., p. 20, Sec. 41.

<sup>557</sup> Ibid., Sec. 44.

<sup>558</sup> Ibid., p. 9, Sec. 20.

## CHAPTER LI

### TEXAS

#### COUNTY SCHOOL FUNDS—PERMANENT SCHOOL FUND

Two permanent common school funds exist in Texas, known respectively and officially as the County School Funds and the State Permanent School Fund.<sup>559</sup> In 1905 these two funds together consisted of \$52,660,489 and a reservation of 13,000,000 acres of unsold school lands, the proceeds of which will eventually be added to the principal of these two funds.<sup>560</sup> These unsold lands are estimated to be worth \$13,000,000. The total prospective principal of these two funds, therefore, is about \$65,660,489.<sup>560</sup> Of the above \$52,660,489, less than one-twelfth, namely, \$4,807,297, is the aggregate principal of the County School Funds; the remainder, \$47,853,192, is the principal of the State Permanent School Fund.<sup>560</sup> Owing to the fact that the counties manage their own funds, only meager information regarding them can be given. The principal of the Permanent School Fund is invested chiefly in state, county, and school district bonds, issued in terms of ten, fifteen, twenty, thirty, and forty years, and payable at maturity. These bonds "are absolutely safe, being based, except the state bonds, on twenty times their assessed value in real estate."<sup>560</sup> The state has borrowed \$596,700 (up to August 31, 1906) from the Permanent School Fund, which amount is secured as follows:<sup>560</sup>

\$216,000 in three per cent state bonds  
354,700 in five per cent state bonds  
26,000 in seven per cent state bonds

The interest on these bonds is paid out of the state taxes.<sup>560</sup> The revenue derived from these funds in 1905 amounted to \$1,455,049.<sup>560</sup>

<sup>559</sup> Constitution of Texas, amended 1892, Art. VII, Sec. 5.

<sup>560</sup> Data furnished Nov. 23, 1906, by J. W. Stephens, Texas State Controller.

and the rent from school lands to \$319,294,<sup>560</sup> making a total of \$1,774,343,\* which is twenty-seven and seven-tenths per cent (.2769)\* of \$6,406,333, the total common school revenue derived from all sources for that year (data taken from Report of U. S. Commissioner of Education, 1905, pp. 410, 411, 419). Many districts in Texas do not levy any local taxes; all such depend for their support upon the available school fund and upon the county available funds.<sup>560</sup>

The Mexican State of Coahuila and Texas was organized in 1827. In 1832 the Texas portion of the population held a convention which presented a memorial to the governor and the legislature petitioning for a grant of land from which might be created a fund for the encouragement of primary schools.<sup>561</sup> In 1833, the state, by a decree of May 23 granted four sitios (17,713 acres) for the support of primary schools in the department of Nacogdoches. This appears to have been the last land grant this Mexican state made for schools.<sup>561</sup>

In 1836 Texas established itself as an independent republic. Three years later, in conformity to a recommendation made by President Lamar, an act was passed which granted to each county in the Republic 13,284 acres (three Spanish leagues) for establishing a primary school or academy in each county.<sup>562</sup> In 1840 the county grant was increased to 17,713 acres (four leagues).<sup>563</sup> The grant of 1840 was made on the condition that each county devote one-half its share to the support of an academy and the other half to common schools. Lane estimated in 1899 that the total area of the county school lands, including those reserved in eighteen unorganized counties, would amount to approximately 10,000,000 acres.<sup>565</sup> But Acting Land Commissioner J. J. Robinson, in a

\* Computed.

<sup>561</sup> J. J. Lane, *History of Education in Texas*, p. 25.

<sup>562</sup> Ibid., p. 26.

<sup>563</sup> Ibid., p. 27.

<sup>564</sup> The account of the origin of these funds is largely taken from J. J. Lane, *History of Education in Texas*, U. S. Bureau of Education, Circular of Information, No. 2, 1903, Chap. II, pp. 23-52. Other sources are indicated.

<sup>565</sup> Ibid., p. 38.



personal letter, states that the total area of the school lands granted to two hundred and thirty-five counties amounts to 4,162,320 acres, and adds that ten counties have received no land under this grant, and will receive none, for the reason that the land reserved for county purposes has been exhausted.<sup>568</sup>

The constitution, as amended in 1883, provided that the management of the county school lands and the investment of the proceeds of the sales of the same shall be intrusted to the respective counties.<sup>566</sup> Lane states that the principal derived from these sales is kept in the state treasury.<sup>565</sup>

In 1845 Texas was admitted into the American Union. The first **Permanent School Fund. Origin** constitution contained the following provision looking toward the creation of a permanent state fund for common schools:

"It shall be the duty of the legislature to set apart not less than one-tenth of the annual revenue of the State, derivable from taxation, as a perpetual fund, which fund shall be appropriated to the support of free public schools; and no law shall ever be made diverting said fund to any other use; and until such time as the legislature shall provide for the establishment of such schools in the several districts of the State, the fund thus created shall remain as a charge against the State, passed to the credit of the free-common-school fund." <sup>567</sup>

In January, 1850, the state made a small grant of land to the Public School Fund and in the following month an act was passed by which one-tenth of all the annual state revenues were set apart for the creation of a permanent common school fund. This source was maintained until 1856, although the people "were not enjoying any of the benefits of the system of public schools which they were endowing." On December 20, 1850, the legislature directed the controller to issue \$36,000 in five per cent state bonds and place them to the "credit of the common free school fund." <sup>569</sup>

<sup>566</sup> Constitution of Texas, 1883, Art. VII, Sec. 6.

<sup>567</sup> Constitution of Texas, 1845, Art. X, Sec. 2.

<sup>568</sup> Data taken from personal letter dated Oct. 1, 1908.

<sup>569</sup> Ninth Biennial Report, Texas State Supt. of Public Instruction, 1893-94, pp. xl-xli.

A system of free schools was not provided for until 1854.<sup>561</sup> In that year the legislature appropriated \$2,000,000 of five per cent bonds in the state treasury for a fund to be known as the "special school fund," the interest of which was to be devoted to the support of public schools throughout the state.<sup>563</sup>

As the result of an Act passed in 1854 and subsequent acts, approximately thirty-six million (36,000,000) acres of land were donated by Texas to encourage the construction of railroads.<sup>563</sup> By subsequent acts the grants to the railroads were qualified in such a way as to reserve alternate sections for the free school fund.<sup>570</sup>

It was a most happy and wise provision which devoted to the Permanent School Funds lands lying within "the very heart of the railroad grants rather than in some other part of the state. Under this wise provision the more the railroads improved their property and the more their lands increased in value, the more the state lands likewise increased in value."<sup>571</sup>

The constitution of 1876 set apart these alternate sections as a part of the perpetual school fund of the state, and provided also that in the future one-half of the proceeds of the sales of public lands shall be added to this fund.<sup>572</sup>

In 1883 two million (2,000,000) acres more were granted to free schools as the result of an effort to gain the consent of the legislature to grant one million (1,000,000) acres to the university in lieu of lands of which it had been unjustly deprived.<sup>573</sup>

The constitution, as amended on September 25, 1883, provided for a Perpetual Public School Fund to be constituted of the following funds and lands: (1) all funds, lands, and other property heretofore set apart and appropriated for the support of public schools; (2) all the alternate sections of land reserved by the state out of grants heretofore made or that may hereafter be made to railroads or other corporations, of any nature whatever; (3) one-half of the

<sup>570</sup> Act of 1873, Special Laws of Texas, p. 323.

<sup>571</sup> Quoted from letter received Nov. 11, 1908, from Prof. F. E. Farrington, University of Texas.

<sup>572</sup> Constitution of Texas, 1876, Art. X, Sec. 3.

<sup>573</sup> J. J. Lane, *History of Education in Texas*, p. 28.

public domain of the state; and all the proceeds of the sales of the same.<sup>574</sup>

It is impossible at the present writing to state how much of either the capital or the income of the Permanent School Fund has been

lost since its establishment. Some years ago A.

J. Baker, in his biennial report, estimated that the Permanent School Fund had failed to receive land due it amounting to about 9,879,921 acres.<sup>575</sup> A special committee appointed by the legislature to investigate the matter concluded that this was incorrect.<sup>576</sup>

Charles Rogan, Land Commissioner, in his Report, 1899, writes as follows: "The Permanent School Fund has not received its share of the public domain, and as some doubt exists as to the amount to which it is entitled, I have prepared two tabular statements . . . from which, in my judgment, the deficiency must be determined." In the tabular statements which follow, Commissioner Rogan gives three estimated areas of the lands due the Permanent School Fund in 1899, and which it had not received, namely, 4,470,335.27 acres; 6,470,335.27 acres; 7,331,775.27 acres.<sup>577</sup>

The Permanent School Fund has been deprived of a large sum of money through selling public lands for less than their real value. Under Acts of 1879 and 1881 known as the "fifty cent land acts" the price of public lands was reduced to fifty cents an acre; 2,618,286.10 acres were sold at this price, the proceeds of one-half, 1,309,143.05 acres, being added to the Permanent School Fund.<sup>578</sup>

In the years 1899 to 1900 the nominal income of the fund was \$1,157,000; the real income amounted to about \$885,000. The loss was due to the fact that about \$275,000 per year of interest on land notes was not paid. The defaulted interest amounts (1900) to at least \$700,000.<sup>579</sup>

<sup>574</sup> Constitution of Texas, 1883, Art. VII, Sec. 2; B. A. Hinsdale, *Documents Illustrative of American Educational History*, p. 1381.

<sup>575</sup> J. J. Lane, *History of Education in Texas*, pp. 41, 42.

<sup>576</sup> *Ibid.*, pp. 43, 44.

<sup>577</sup> Report of Texas Commissioner of the General Land Office, 1899, p. 21.

<sup>578</sup> *Ibid.*, pp. 24, 25.

<sup>579</sup> Report Supt. of Public Instruction of Texas, 1899-1900, p. xlvii.

The chief sources from which the permanent common school funds of Texas have been derived may be represented briefly as follows:

	ACRES
County School Funds, lands granted prior to 1906 . . . . .	4,162,320 <sup>568</sup>
Permanent School Fund, alternate sections granted prior to 1875	14,025,024 <sup>563, 565</sup>
Permanent School Fund, special grant, 1883 . . . . .	2,000,000 <sup>573</sup>
Permanent School Fund, surveyed 1876-99 . . . . .	21,865,714.11 <sup>580</sup>
	<hr/>
	42,053,058.11
Appropriations ("three to five million dollars") . . . . .	\$4,000,000 <sup>581</sup>

The sources which are provided for increasing the capital of the Permanent School Fund and the County School Funds are the proceeds of the lands set apart for these respective funds by the constitution.<sup>582</sup>

The County School Funds are managed by the counties to which they belong. The Permanent School Fund is managed by the State Controller,<sup>583</sup> as a member of the State Board of Education, which is authorized, under the direction of the legislature, to invest the proceeds of the Permanent School Fund lands.<sup>584</sup>

The revenue is apportioned among the counties on the basis of school population by the State Board of Education, consisting of the Governor, Secretary of State, and the Controller.<sup>582</sup>

The revenue must be used for the support of public schools. The specified objects for which it must be used and the conditions which must be fulfilled in order to share in it are not stated in the laws or the constitution.\*

**Objects.  
Conditions of  
Participation**

\* Cf. Idaho foot-note 122<sup>a</sup>.

<sup>580</sup> Report of Texas Commissioner of the General Land Office, 1899, p. 21.

<sup>581</sup> Subject to correction.

<sup>582</sup> Constitution, 1883, Art. VII, Secs. 2, 4, 6.

<sup>583</sup> Ibid., Sec. 4.

<sup>584</sup> Report Supt. of Public Instruction, Texas, 1899-1900, p. xii.

## CHAPTER LII

### UTAH

#### STATE SCHOOL FUND

The Utah permanent common school fund, officially known as the State School Fund,<sup>585</sup> consisted in 1902 of \$291,205<sup>586</sup> and a reservation of (1) 65,908 acres of leased lands estimated at \$96,850<sup>586</sup> and (2) 2,026,318 acres of unleased school lands, estimated at \$2,026,318<sup>586</sup> making the total prospective value of the fund \$2,414,373.\* The principal of the fund is intact. It is invested chiefly in school district bonds, municipal bonds and first mortgages on improved farms. The rent derived from the leasing of school lands is added to the annual revenue of the fund.<sup>587</sup> In 1902 the rent from school lands amounted to \$24,412.92<sup>587</sup> and the annual interest on the principal of the fund to \$324,343.08,<sup>587</sup> making the total income from the fund \$348,756, approximately twenty-one and two-tenths per cent (.212)\* of \$1,645,551.07,<sup>587</sup> the total common school revenue (1902) derived from all sources. In 1904 the total common school revenue from all sources was \$1,927,998.38.<sup>587</sup> The revenue of the State School Fund exclusive of land rents was \$393,038.83,<sup>587</sup> annual rent of common school lands, \$28,712,<sup>587</sup> total income from State School Fund \$421,750.83, approximately twenty-two per cent (.219)\* of the total common school revenue. The reports of the United States Commissioner of Education and the state reports do not report separately the revenue derived from the State School Fund, but include it in state taxes.<sup>344</sup>

\* Computed.

<sup>585</sup> Constitution of Utah, 1895, Art. X, Sec. 3.

<sup>586</sup> Report of U. S. Commissioner of Education, 1902, Vol. I, p. xcii.

<sup>587</sup> Statement received Oct. 22, 1906, from A. C. Nelson, Utah State Supt. of Public Instruction.



The State School Fund provided for, pursuant to the provisions of the Enabling Act, by the constitution adopted 1895,<sup>585</sup> became established upon the admission of Utah into the Union in 1896. The original capital consisted of 6,007,182 acres of land, the same being composed of sections two, sixteen, thirty-two and thirty-six of every township<sup>588</sup> granted by the United States for the use of schools.<sup>589</sup>

The following sources for increasing the principal of the State School Fund are provided by the constitution:<sup>585</sup> (1) proceeds of all lands granted to the state by Congress for common schools; (2) proceeds of all property accruing to the state by escheats or forfeitures; (3) all unclaimed shares and dividends of any corporation incorporated under the laws of the state; (4) proceeds of the sale of timber, minerals, or other property from school and state lands other than those granted for specific purposes.

The State School Fund is managed by the State Board of Land Commissioners, consisting of Governor, Secretary of State, and five resident citizens, who manage the sales of lands and invest proceeds.<sup>590</sup>

The revenue is distributed among the school districts upon the basis of school population<sup>585</sup> (six to eighteen years).<sup>591</sup>

The revenue of the State School Fund can be used for teachers' wages only.<sup>591</sup> No district shall receive any apportionment of school moneys unless it shall have maintained a school for at least twenty weeks during the next preceding year; fire, flood, and other uncontrollable causes excepted.<sup>592</sup> A district must submit to the state superintendent the annual returns required by law.<sup>593</sup>

<sup>588</sup> Taken from tables of General Land Office, Mar. 12, 1896.

<sup>589</sup> Enabling Act, 1894, Sec. 6, p. 29; Rev. Stats., 1898; Const., 1895, Art. X, Sec. 2, p. 56; Rev. Stats., 1898.

<sup>590</sup> Rev. Stats., Utah, 1898, Secs. 2321, 2327.

<sup>591</sup> Ibid., Sec. 1867.

<sup>592</sup> Ibid., Sec. 1868.

<sup>593</sup> Ibid., Sec. 1775.

## CHAPTER LIII

### VERMONT

#### PERMANENT PUBLIC SCHOOL FUND

Permanent Public School Fund is the title provided by law for the permanent common school fund of Vermont; <sup>594</sup> it is also some-

**Title.** times referred to officially simply as the Permanent School Fund. In 1906 the principal of the fund amounts to \$1,120,218.20 <sup>595</sup> composed as follows;

United States Deposit Fund . . . . .	\$669,086.74
Huntington Fund . . . . .	211,131.46
Spanish War Claims Fund . . . . .	240,000.00

The Spanish War Claims Fund is said to be intact. As will be explained later, about \$535,269.39, eighty per cent of the U. S. Deposit Fund, has been absorbed by the towns <sup>596</sup> to whom it was intrusted in 1837, <sup>597</sup> leaving as the amount of the fund intact \$133,817.35. The State Superintendent of Education states in his report, 1906, <sup>598</sup> that the Huntingdon Fund is intact, but the Vermont Special Commission on Permanent Common School Fund writes: "It appears, therefore, that the Huntington Fund was borrowed by the state and used and that the state is liable for the same subject to six per cent interest." <sup>599</sup> The real condition of the Permanent Public School Fund appears to be as follows: Funds

<sup>594</sup> Acts of Vermont, 1906, No. 54, Secs. 1, 2.

<sup>595</sup> Statement received from Mason S. Stone, Vermont State Supt. of Education, July, 1907.

<sup>596</sup> Information furnished by Mason S. Stone, Vermont State Supt. of Education, in letter dated Nov. 9, 1906.

<sup>597</sup> Act Nov. 17, 1837.

<sup>598</sup> Extract from p. 13 of advance sheets of Report of Vt. State Supt. of Education, in preparation, Sept., 1906.

<sup>599</sup> Report of the Special Commission on Permanent School Funds of Vt., 1906, pp. 21-22.

intact, \$344,948.81; Diverted or Credit Funds, \$775,269.39. These latter compose over two-thirds of the entire Permanent Public School Fund. The income from them cannot be considered a relief from taxation. The income of the Permanent Public School Fund is \$52,813,<sup>600</sup> four and nine-hundredths per cent (.0409) of \$1,289,891,<sup>600</sup> Vermont's total public school revenue for 1905, excluding balance on hand and proceeds of bond sales. Some towns draw school revenue from "grammar school lands."<sup>601</sup> These are "mostly mountain land, set aside by charter and by law for the support of grammar schools."<sup>595</sup> In 1905, and in 1906 the total area of the grammar school lands was estimated to be 25,000 acres, the estimated value of the same \$175,000 (\$7.00 per acre), and the income derived from the same about \$3,000 annually.<sup>595, 600</sup>

The present Permanent Public School Fund was established by an Act of the General Assembly in 1906,<sup>594</sup> which merged into one fund three already existing but separate funds.

"By an act passed November 17, 1825, (1) 'the amount of avails accrued to this State, by the late Vermont State Bank,' (2) 'the amount of this State's funds, accruing from the six per cent on the net profits of the respective banks chartered by this State,' (3) and the amount accrued 'from licenses to peddlers' were 'sequestered and granted to the respective towns in the State, for the benefit of common schools, *and to no other purpose.*' It was further enacted that the State Treasurer should be Commissioner of the fund, to receive all accessions and invest the funds in 'productive or national securities, as he may find opportunity, and be enabled to procure and negotiate,

**First Permanent  
Common School  
Fund Established,  
1825. Diverted,  
1845**

<sup>600</sup> The Report of the U. S. Commissioner of Education, 1905, pp. 409, 410, 411, gives the following data for Vermont: Permanent Common School Funds, state and local, \$1,120,218; acreage and value and income of unsold school lands, of income of permanent school funds and rent of school lands, \$52,813. The State Supt. of Education states that the income of the Permanent Public School Fund is about \$50,000, see foot-note 595. It seems safe, therefore, to infer this last amount is the income of the Permanent Public School Fund into which these three funds were merged in 1906. The report of the Commissioner ignores the grammar school lands. It is impossible to state at the present writing whether the \$52,813 reported by the U. S. Commissioner of Education includes the rent of the Grammar School Land.

<sup>601</sup> Report Vt. State Supt. of Education, 1888, p. 70.

in order that the same may be a productive and accumulating fund.' Also it was enacted that 'the accumulating school fund contemplated by this act, shall not be diminished, improved, or appropriated to the use of schools, until the amount of principal of said fund shall increase to a sum sufficient to yield an annual profit and interest, adequate to defray the current expenses of keeping a good, free, common school in each district, in the respective towns, for the period of two months, in each and every year.' " <sup>602</sup>

"In the report of the Commissioners for the Common Schools, made to the legislature of 1828 and signed by William Hall, Charles K. Williams, Jacob Collamer, B. F. Bailey, and Ephriam Paddock, occurs the following: 'A school fund has been established, which is constantly increasing, and promises, in a few years, to support a school for some part of the year, in every district in the State.' " <sup>602</sup>

"On September 10, 1845, this fund amounted to \$234,900.44, and by the time it was covered into the State Treasury by act of legislature, November 5, 1845, 'for the use and benefit of the State,' it had approximated \$240,000." <sup>602</sup> In 1845 the state owed to this fund \$224,000 and appropriated this fund to pay this debt, that is, the state borrowed the fund, and then in 1845 repudiated the debt. <sup>603</sup>

"And so a fund, created and instituted for a special educational purpose, was diverted from the service which it was intended to render, and went into the pool of general revenues for common current expenses. In a brief historical review of Education in Vermont, the report of the U. S. Commissioner of Education states in Vol. 1, 1897-98, that this fund 'was abolished and the amount, \$240,000 applied to the building of a State house.' *This probably is incorrect. The abolition of the fund occurred thirteen years before the reconstruction of the present state house.* For the reconstruction of the present building the state appropriated \$70,000 and the citizens of Montpelier pledged \$100,000. This fund probably was employed in defrayment of state expenses, and was abolished on account of the receipt by the State seven years previously, of its portion of the United States Deposit Fund to the amount of \$669,086.74." <sup>602</sup>

The United States Deposit Fund was established by an Act passed November 17, 1837. <sup>597</sup> The original capital consisted of

<sup>602</sup> Extract from pp. 11, 12, proof sheets, Report Vt. State Supt. of Education, 1906.

<sup>603</sup> Report Vt. State Supt. of Education, 1873-74, pp. 439-440.

\$669,086.78,<sup>604</sup> Vermont's share of the surplus revenue distributed by the United States to the various states in 1837. This money was a loan, not a gift, to the states by the federal Government. Vermont loaned the United States Deposit Fund to the towns who were held "responsible to the State in the same manner that the State is responsible to the Federal Government."<sup>605</sup>

"On January 10, 1877, Arunah Huntington, a native of Roxbury, Vermont, died in Brantford, Canada. By provisions of his will, made on the 15th of November, 1876, the state of Vermont became a residuary legatee to the amount of \$211,131.46."<sup>598</sup> In 1884 an Act was passed establishing this money as a permanent state fund. In order to participate in the revenue a school district must have maintained a school the preceding year twenty-eight weeks,<sup>606</sup> but the laws appear not to have named the objects to which towns and districts must apply their revenue and the State Superintendent of Education in 1906 wrote, "It is questionable whether it (the fund) is meeting the specific intent of the will."<sup>598</sup> This fund still remains intact and is productive, save for the small amount of \$4,000 invested in shares and script of the St. Johnsbury and Lake Champlain Railroad. "Mr. Huntington's recommendations in 1876 deserve to-day a repetition in this report. He recommended that the state employ the capital realized from his bequest in the creation of a 'Vermont District School Bank' and that the money be invested in mortgages on real estate; all interest to be added to principal until the fund was large enough to admit of each county in the state receiving \$100,000, the income thereafter to be used for the benefit of the common or district schools. The whole affair was to be regulated under laws of the legislature by their trustees. The actual law (1905) of the state regarding this fund provided that the State Treasurer may convert its securities into cash and that the pro-

<sup>604</sup> Bourne, Edward G., *The History of the Surplus Revenue of 1837*, p. 116.

<sup>605</sup> Statement dated Nov. 9, 1906, received from Mason S. Stone, Vt. State Supt. of Education.

<sup>606</sup> Vt. Revised Statutes, 1894, Title II, Sec. 749.



ceeds may be used for the general purposes of the state. The State Treasurer must annually apportion six per cent interest on the entire fund to towns and unorganized towns and gores in the same manner in which the interest of the United States Deposit money is divided to towns which do not elect trustees of public money. The towns, in turn, if containing more than one school district, are instructed to divide the money so received in the same manner in which state school tax money is distributed, while the town treasurer must make annual report of such receipts and the auditor of accounts and inspector of finance must make yearly audit, examine and certify to the correctness of all transactions and the condition of the fund. *It appears, therefore that, the Huntington Fund was borrowed by the state and used, and that the state is liable for same, subject to six per cent interest per annum, and that the income, so derived, is being passed over to the towns and by them used under such local supervision and direction as each supplies. The payment of the full amount of school moneys to any school district is predicated upon its having actually expended during the preceding year for school purposes, other than construction and repair, a sum equal to the amount of its school moneys for such year, excluding bequests and one-tenth of its grand-list. Having failed to do this, its receipt of school moneys is proportionately decreased. In fact, therefore, the avails of the Huntington Fund have also passed in large degree from under the direct supervision of a state educational system, their control vesting in local boards of administration. Inasmuch as the design of the donor was very clearly to aid, foster and preserve the district or common school, as he termed it in his will, it would seem right to your commission to provide by law for the addition of said fund also to the permanent common school fund under such regulation by the state and under such state system of supervision and control as will tend most definitely to conserve and advance the interests of the common or district schools."*<sup>599</sup>

In 1904 the legislature of Vermont by No. 42, Acts of 1904, sequestered "as a permanent fund, for public school purposes, the reimbursement to the State of \$240,000 for moneys expended

in the Spanish-American War." The same legislature enacted that the governor of the state "shall appoint a commission of

**Permanent Common School Fund or Spanish War Claims Fund, 1904**

six individuals who shall serve without pay, who shall fully investigate into and study this subject from every standpoint, considering like endowments already established in sister states, the

sources from whence such an endowment may be best derived, the most satisfactory methods of its investment and the wisest plan of the distribution of its revenue, and who shall report their findings and conclusions in full detail to the general assembly in October of

**Permanent Public School Fund, 1906**

1906, accompanying the said report with a proper bill for the consideration of said general assembly." <sup>607</sup> This commission, known as the

Special Commission on Permanent Common School Fund, was composed of the following persons: Joseph A. DeBoer, Charles

**Vermont Special Commission on Permanent Common School Fund**

H. Stearns, Justus Dartt, Nelson W. Fisk, Herman P. Simpson, John A. Mead. Their report presented to the Vermont legislature of 1906

recommended the merging of the United States Deposit Fund, the Huntington Fund and the Spanish War Claims Fund. The bill they presented was slightly modified, then passed by the legislature as No. 54 of the Acts of 1906. It will be seen by a study of this act, quoted in full at the close of this account, that it "diverts the payment of interest, at five per cent, on each town's portion of the United States Deposit fund from the town treasury to the State Treasury and segregates with this interest the income from the Huntington Fund and the War Claims Fund, the aggregate income of which is divided among the towns. . . . *In case* a town has not loaned its portion of the United States Deposit Fund to itself it is required to collect and pay the same into the State Treasury on or before December 31, 1907." <sup>608</sup>

It has been noted above that the state borrowed \$240,000 of the Permanent School Fund established in 1825, and then in 1845

<sup>607</sup> Act Approved Dec. 9, 1904, Sec. 2.

<sup>608</sup> Vt. Dept. of Education, Circular of Information, 1906, No. 44, p.

appropriated the fund to pay this debt.\* The weakness of the Act passed November 3, 1842, was that it permitted towns to borrow their portions of the United States Deposit Fund of themselves for themselves. "If the money had been loaned agreeable to the provisions of the first Act \* then each town would have to-day an investment from which would accrue a revenue for the support of schools. But those towns that have borrowed the funds of themselves and used such in the building of town houses, construction of bridges, repair of roads, and paying of debts,—expenses which should have been met at the time by direct taxation,—have entailed upon the present generation a tax for the payment of interest on the fund."<sup>602</sup> An investigation carried on by the State Department of Education of Vermont in 1906 revealed the fact that eighty per cent of the towns of the state have absorbed their portion of the United States Deposit Fund;<sup>596</sup> if we take this as representing roughly eighty per cent of the United States Deposit Fund we may consider the amount thus diverted to approximate \$535,269.39. "In all cases where the town has appropriated the money for town purposes, the town pays interest on its portion of the fund at the rate of six per cent and such revenue is covered into the school funds of the town."<sup>596</sup> As long as the state and towns continue to pay interest on the principal of the permanent school funds which they have borrowed, these funds cannot, strictly speaking, be called lost; for they continue to be fixed sources of school revenue. Nevertheless, such income is to a large extent derived from taxation, so that a tax has been entailed upon future generations to pay interest upon funds originally created to lessen this tax and to stand as an impregnable foundation in periods of critical financial conditions. The importance of this fact is recognized in the Act of 1906 creating the permanent Public School Fund which provides that "whenever at the end of any fiscal year there is a surplus in the state treasury over and above the liabilities of the State, then such part of said surplus shall be paid over to the trustees of permanent school fund as the trustees of said fund may determine at a meeting to be called for

\* See above, topic "Origin."

that purpose until an amount equal to that part of the Huntington fund heretofore converted into cash by the state treasurer shall have been transferred.”<sup>609</sup>

The total amount of the Vermont Permanent School Fund diverted or lost from 1825-1905 may be estimated as follows:

Fund of 1825 . . . . .	\$240,000
U. S. Deposit Fund, absorbed by towns . . . . .	500,000
Huntington Fund . . . . .	211,269 (?)
<hr/>	
Total . . . . .	\$951,269

The management and investment of the permanent school fund rests with a committee of three organized by a board of seven

**Management and Investment** persons known as “Trustees of Permanent School Fund” consisting of the Governor, Lieutenant-Governor, State Treasurer and Superintendent of Education *ex officio*, and three persons appointed biennially by the Governor.<sup>211</sup>

“Said trustees shall invest the permanent public school fund in the following named securities only: United States bonds, state bonds, bonds of cities and school districts located in the United States, excluding territories, and having a population of over twenty thousand, and bonds of towns, cities and villages in this state whose total indebtedness does not exceed five times the amount of the grand list.”<sup>211</sup>

(1) “Beginning with April 1, 1907, a legal school must have an average daily attendance of not less than six for twenty-eight consecutive weeks in

**Conditions of Participation** order that the town may receive state aid thereon.<sup>610</sup>

(2) If in any town the trustees of public money fail to collect and pay over to the state treasurer for the trustees of permanent school fund such town’s share of the United States deposit money as is not already loaned to the town to which it has been apportioned within the time limited therefor, or (3) if in any town where its share of United States deposit money is already loaned to it the trustees of public money fail to pay over, within the time limited therefor annually, the five per cent income derived therefrom, then, in either such event, the income from permanent public school fund and the state school tax which would otherwise thereafter be payable to such town shall be forfeited to the state and added to the principal of the

<sup>609</sup> Acts of Vt., 1906, No. 54, Sec. 7.

<sup>610</sup> School Laws, Vt. Dept. of Education, Circular of Information, 1906, No. 44, p. 19; Acts of 1906, No. 53, Sec. 4.



permanent public school fund, and such forfeiture shall thereafter be made from year to year until such town has paid over to the state treasurer for the trustees of permanent school fund all sums in arrears, with interest thereon at the rate of six per cent per annum."<sup>611</sup>

The Permanent Public School Fund may be increased from the following sources: (1) forfeitures by towns (as just explained);<sup>611</sup> (2) gifts;<sup>594</sup> (3) bequests;<sup>594</sup> surplus in state treasury at close of fiscal year (cf. paragraph on Loss).<sup>609</sup> The income of the Permanent Public School

**Sources of Increase**

**Lawful Uses**

Fund shall be used "solely for the support of public schools."<sup>612</sup> The law providing for the creation of the Vermont Permanent Public School Fund was framed after a careful study of the modes of administering funds in the various states. It was enacted one hundred and one years after New York and one hundred and sixteen years after Connecticut had established a permanent common school fund, at a time when the relative importance of permanent funds is rapidly decreasing in many states. This act has so many features of interest that it seems well worth quoting even in an account which pretends to be merely a brief summary.

*"It is hereby enacted by the General Assembly of the State of Vermont:*

"Section 1. The sum of two hundred forty thousand dollars returned by the national government to the state in settlement of the civil war claims, the Huntington fund, the United States deposit money, and such other additions as may hereafter be made to the fund hereby established shall be forever held intact and in reserve as a permanent public school fund.

"Sec. 2. A board to be known as trustees of permanent school fund is hereby constituted, consisting of the governor, lieutenant governor, state treasurer, and superintendent of education, *ex officio*, and three persons to be appointed biennially by the governor, whose term of office shall continue until the first day of November of the next biennial year and until their successors are appointed and qualified unless sooner removed by the governor. Said trustees shall invest the permanent public school fund in the following named securities only: United States bonds, state bonds, bonds of cities and school districts located in the United States, excluding territories, and having a population of over twenty thousand, and bonds of towns, cities and villages

<sup>611</sup> Vt., Acts of 1906, No. 54, Sec. 11.

<sup>612</sup> *Ibid.*, Sec. 13.



in this state whose total indebtedness does not exceed five times the amount of the grand list. Said board of trustees is empowered to receive gifts, bequests or additions to such permanent public school fund, and all purchase and sales of securities shall be made by, and all securities shall be taken in the name of, and so far as possible made payable to the trustees of permanent school fund.

"Sec. 3. Said trustees shall organize by the election of a chairman, secretary and a committee on finance of three members, of which the secretary shall be one, at a meeting to be held in the executive chamber of the state capitol at two o'clock in the afternoon on the second Tuesday of November in each biennial year, or at an adjournment thereof, or at a special meeting duly called if the organization is not then completed. Regular meetings of the board shall be held at such times and places as the members by vote determine. On the request of any two members of the board, the secretary shall call a special meeting thereof by notice in writing mailed to each member at least three days before such meeting, but the board may act without notice of a special meeting when all are present.

"Sec. 4. The committee on finance shall by unanimous action make all investments of the permanent public school fund and designate depositories therefor, and in the name of the trustees shall execute all checks, transfers or releases of securities and do all things necessary to the proper management of the assets and income of said fund.

"Sec. 5. The trustees shall receive no compensation for their services, but shall be paid their necessary expenses incurred in the performance of their duties.

"Sec. 6. Vacancies among the trustees appointed shall be filled by the governor and vacancies in the officers of the board shall be filled by the members at a regular meeting or at a special meeting called for the purpose. The secretary shall keep a record of the proceedings of the board and of the committee on finance, recording in detail the proceedings of said committee relating to investments, income and disbursements and the management of the permanent public school fund.

"Sec. 7. Such securities as the state treasurer now holds belonging to the Huntington fund shall at once be turned over to the trustees of permanent school fund as a part of the permanent public school fund. On such part of the remainder of said fund heretofore converted to the use of the state as shall not have been, at the time of the distribution of the income from the permanent public school fund in each year, paid over to the trustees of permanent school fund as hereinafter provided, six per cent interest shall annually be segregated by the state treasurer as a part of the income of the permanent public school fund, and such interest shall be distributed like the other income from such fund; and, whenever at the end of any fiscal year there is a surplus in the state

treasury over and above the liabilities of the state, then such part of said surplus shall be paid over to the trustees of permanent school fund as the trustees of said fund may determine at a meeting to be called for that purpose until an amount equal to that part of the Huntington fund heretofore converted into cash by the state treasurer shall have been so transferred.

"Sec. 8. The United States deposit money held in the state treasury for towns which have not elected trustees of public money and for unorganized towns and gores, together with three per cent interest thereon since the last distribution, shall be turned over to the trustees of permanent school fund at their request and before the distribution of the state school tax in 1907, the principal sum for investment as a part of the permanent public school fund, and the amount of three per cent interest for distribution with the other income from the permanent public school fund.

"Sec. 9. The trustees of public money of each town shall, on or before December 31, 1907, collect and pay over to the United States deposit money heretofore apportioned to it to the state treasurer for the trustees of permanent school fund, except where such money is at the time of the passage of this act loaned to the town to which it was apportioned, in which case the trustees of public money may continue annually to loan said money to such town, with interest at five per cent per annum, until such time as said trustees see fit to collect the same, when it shall immediately be turned over to the state treasurer for the trustees of permanent school fund.

"Sec. 10. The income from the United States deposit money, in those towns where such fund is loaned to the town to which it has been apportioned, shall annually on or before the tenth day of June, so long as said loan remains uncollected, be paid over by the trustees of public money to the state treasurer for the trustees of permanent school fund for distribution with the other income from said permanent public school fund.

"Sec. 11. If in any town the trustees of public money fail to collect and pay over to the state treasurer for the trustees of permanent school fund such town's share of the United States deposit money as is not already loaned to the town to which it has been apportioned within the time limited therefor, or if in any town where its share of United States deposit money is already loaned to it the trustees of public money fail to pay over, within the time limited therefor annually, the five per cent income derived therefrom, then, in either such event, the income from permanent public school fund and the state school tax which would otherwise thereafter be payable to such town shall be forfeited to the state and added to the principal of the permanent public school fund, and such forfeiture shall thereafter be made from year to year until such town has paid over to the state treasurer for the trustees of permanent school fund all sums in arrears, with interest thereon at the rate of six per cent per annum.

"Sec. 12. The trustees of permanent school fund shall be accountable for such part of the United States deposit money as is held by them when required by the state treasurer on requisition of the United States.

"Sec. 13. The income only from said permanent school fund shall be covered into the state treasury, fifteen thousand dollars of which shall annually be divided among the towns, cities and unorganized towns and gores entitled thereto, in the same manner as the forty-five thousand dollar reserve fund is divided, and the remaining portion of the income shall be divided, by the state treasurer, among the towns, cities, and unorganized towns and gores according to the number of legal schools maintained the preceding year, and such division shall be made at the same time the monies derived from the state school tax are now divided. The income thus distributed shall be used solely for the support of public schools, and shall, in unorganized towns and gores, be divided equally between the several school districts which have maintained a legal school the preceding year, and in towns having a district incorporated by a special act of the general assembly, as is provided for the division in such towns of money received from the state school tax.

"Sec. 14. The trustees of permanent school fund shall present to the general assembly on the first day of each biennial session a report of their official acts, showing the amount and condition of such fund and the securities in which it is invested and the amount and distribution of its income.

"Sec. 15. The auditor of accounts and inspector of finance shall annually audit the accounts of the trustees of permanent school fund and the accounts of the state treasurer in connection with such fund, examine the securities on hand and certify to the correctness of their transactions and the condition of the fund, which certificate shall be included in the report of the state treasurer.

"Sec. 16. The town treasurer shall give credit in his account of the school fund for sums received by the town from the income of the permanent public school fund.

"Sec. 17. Section 740 of the Vermont statutes is hereby amended to read as follows:

"Section 740. Said trustees shall manage such money and report the condition of the same at each annual town meeting.

"Sec. 18. Sections 737, 738, 741, 742, 743, 744, 749, 750, 751 and 753 of the Vermont statutes, and all amendments thereto, No. 42 of the acts of 1904 and all acts and parts of acts inconsistent with this act are hereby repealed.

"Sec. 19. This act shall take effect from its passage."

Approved December 14, 1906. (Quoted from School Laws, Acts of 1906, State of Vermont, Dept. of Ed., Circular of Information, No. 44, pp. 21-25.)

## CHAPTER LIV

### VIRGINIA

#### LITERARY FUND

The Virginia permanent common school fund is known officially as the Literary Fund.<sup>613</sup> In 1905 the annual interest on this fund amounted to \$56,430.82,<sup>614</sup> approximately two **Title.** and three-tenths per cent (.023)\* of \$2,432,102,<sup>344</sup> **Condition, 1905** the total school revenue derived from all sources for that year. In 1905 the principal of the Literary Fund amounted to \$1,881,027.28, and in 1906 to \$2,021,788.60.<sup>614</sup> The principal is intact, being invested chiefly in Virginia state bonds bearing annual interest at three per cent.

The Literary Fund became established February 2, 1810, by an act of legislature, which provided that (1) all escheats, (2) **Origin** confiscations, (3) fines, (4) penalties, (5) forfeitures, (6) rights and personal property accruing to the state as derelict and having no rightful proprietor should constitute a permanent fund for the use of common schools.<sup>616</sup> In 1818 the Literary Fund had reached the sum of \$1,000,000.<sup>615</sup>

The Literary Fund suffered severe losses from 1860 to 1886. In 1861 the principal amounted to \$1,877,364.68.<sup>617</sup> Judge John **Loss** G. Dew, second Auditor of Virginia, reports the losses as follows:<sup>614</sup> diverted during the Civil War, \$216,000; lost on bank stock during Civil War, \$300,000; lost on bank stock since Civil War, \$50,000; paid to West Virginia

\* Computed.

<sup>613</sup> Va. School Laws, compiled by Board of Education, 1892, p. 57, Sec. 51.

<sup>614</sup> Statement received Dec. 12, 1906, from Judge John G. Dew, Second Auditor of Virginia. Judge Dew has the immediate care of this fund.

<sup>615</sup> A. D. Mayo, *Common Schools in the South*, 1830-60; Report U. S. Commissioner of Education, 1899-1900, Vol. I, p. 432.

<sup>616</sup> Miller, Thos. C., *History of Education in West Virginia*, p. 29.

<sup>617</sup> Va. School Report, 1871, p. 199.



as her share of Literary Fund, \$719,022.62, 1871, 1886; discount in funding, \$541,494.10; total amount of lost or diverted principal, \$1,826,516.72.<sup>614</sup> The fund is suffering also because of insufficient legislation in respect to the sources of revenue devoted to its increase. Joseph W. Southall, State Superintendent of Public Instruction, writes in his report for 1904-05 as follows: "This fund would be increased far more rapidly if some more stringent plan were adopted for the collection of fines imposed for offences against the Commonwealth, and the proceeds arising from escheated property and all waste and unappropriated lands. It is safe to say that thousands of dollars are lost every year to this fund for lack of a better system of collecting fines and escheating derelict property."<sup>622</sup>

The following sources are provided by law to increase the principal of the Literary Fund.<sup>618</sup> The proceeds of (1) lands granted by Congress for public schools; (2) all escheated property; (3) all waste or unappropriated lands; (4) all property forfeited to the state; (5) fines not otherwise appropriated; (6) donations; (7) such other sums as the general assembly may appropriate. Of these seven sources the second, fourth and fifth at present contribute most.<sup>614</sup>

The Literary Fund is managed by the State Board of Education,<sup>613</sup> composed of the Governor, Superintendent of Public Instruction, Attorney-General, three members of the faculties of the various state educational institutions and a county and city superintendent.<sup>618</sup> The second auditor, Judge John G. Dew, invests the fund for the Board of Education.<sup>618</sup>

The revenue is apportioned among the cities and counties on the basis of school population (seven to twenty years).<sup>619, 620</sup>

<sup>618</sup> Extract from personal letter dated Sept. 12, 1906, received from J. D. Eggleston, Jr., Va. State Supt. of Public Instruction.

<sup>619</sup> Va. School Laws, compiled by Board of Education, 1892, p. 36, Sec. 12, Subd. 9.

<sup>620</sup> Ibid., p. 70, Sec. 88.

<sup>622</sup> Va. School Report, 1871, App. p. 198; Va. School Report, 1904-05, Part I, p. xxxi.



The Literary Fund constitutes one of the most valuable assets of the commonwealth, as it furnishes the means of the financial support of (1) the State Board of Education; (2) **Objects** for the payment of the salaries and expenses of the State Board of Examiners; (3) the salaries of the division superintendents of schools; (4) the expenses of the summer normal schools; and (5) no inconsiderable share of the wages of teachers.<sup>617</sup>

The following conditions must be fulfilled in order to share in it: (1) school must be kept in operation five months during the current **Conditions of** year; <sup>621</sup> (2) school-houses, furniture, apparatus, **Participation** text-books for indigent children, and all other means and appliances for the successful operation of the schools must be provided.

<sup>621</sup> Ibid., p. 52, Sec. 44.

## CHAPTER LV

### WASHINGTON

#### COMMON SCHOOL FUND

"Permanent School Fund" is a title frequently given to the permanent common school fund of Washington in the state reports, but Common School Fund is the title provided **Title.** alike by the constitution and laws.<sup>623</sup> The fund **Condition, 1906** consists (October 1, 1906) of \$1,477,244.07,<sup>624</sup> besides about two and a quarter million acres of unsold school lands.<sup>342</sup> \$1,345,000 of the above amount has been borrowed by the state which pays interest on the same at the rate of three and one-half per cent (.035).<sup>625</sup> This interest is paid out of state taxes,<sup>625</sup> in other words, the state uses the moneys derived from lands originally donated to relieve the people from taxation for the support of schools, and then taxes the people to pay the interest. This is a policy followed in many other states—the wisdom of it cannot be discussed here.\* As the surveys of common school lands are not yet completed it is impossible to state positively the total acreage.<sup>626</sup> The 1905 report of the United States Commissioner of Education gives the following data for Washington:<sup>342</sup> unsold common school lands, leased, 888,651 acres, estimated value, \$8,000,000; unleased, 1,362,000 acres. The average price per acre of lands sold thus far is stated to be \$18.70<sup>626</sup> and as the act enabling Washington to become a state (Enabling Act, section 11) forbids any lands to be sold for less than ten dollars per acre, it would seem that with

\* On this point read the account of the Minnesota fund, also consult Part I.

<sup>623</sup> Constitution of Wash., 1889, Art. IX, Secs. 2, 3; Sch. Law of State of Wash., 1901, p. 61, Chap. 6.

<sup>624</sup> State Treasurer's Report, 1904-06, p. 9.

<sup>625</sup> Statement received from R. B. Bryan, Wash. State Supt. of Public Instruction, Dec. 21, 1906.

<sup>626</sup> *Northwest Journal of Education*, Mar., 1906, p. 21.

proper management the principal of the fund may eventually amount to over twenty-five million dollars. Washington's total common school revenue in 1905 derived from all sources was \$3,648,369<sup>344</sup> of which \$293,312,<sup>344</sup> approximately eight per cent,<sup>117</sup> was derived from Common School Fund interest and land rent.

Washington upon her admission into the Union received from the United States Government the sixteenth and thirty-sixth sections in each township for the use of common schools. It is estimated this land grant will amount to 2,488,675 acres.<sup>10</sup>

The first constitution adopted 1889 provided for the establishment of the Common School Fund from the proceeds of these lands and the proceeds of several other sources as follows: <sup>627</sup> (1) appropriations and donations by the state to this fund; (2) donations and bequests by individuals to the state or public for common schools; (3) proceeds of lands or other property reverting to the state by escheat or forfeiture; (4) proceeds of all property granted to the state when the purpose is not specified or is not certain; (5) funds accumulated in the state treasury for the disbursement of which provision has not been made by law; (6) proceeds of timber, stone, minerals or other property from school and state lands other than those granted for specific purposes; (7) all moneys other than rent recovered from trespasses on said lands; (8) five per cent of proceeds of sales of United States Public Lands lying within the state; (9) the principal of all funds arising from the sale of lands and other property which have been granted and hereafter may be granted to the state for common schools; (10) such other funds as the legislature may provide.

The Common School Fund is managed by the State Board of Land Commissioners, composed of the Superintendent of Public Instruction, Secretary of State, and Commissioner of Public Lands.<sup>628</sup>

<sup>627</sup> Constitution of Wash., 1889, Art. IX, Sec. 3.

<sup>628</sup> Report Supt. of Public Instruction, Wash., 1902, p. 180; *Northwest Journal of Education*, Jan., 1904.

**Apportionment** The revenue is apportioned by the State Superintendent of Public Instruction among the counties in proportion to the total number of days of attendance.<sup>629</sup>

**Objects** The objects for which the revenue of the Common School Fund shall be used are not specified by law other than that it shall be used for current expenses.<sup>630</sup>

In order to share in the revenue, the following conditions must be fulfilled by the districts: A school must be maintained for at least five months during the preceding year.<sup>625</sup> **Conditions of Participation** A district forfeits twenty-five per cent of its share of the school fund revenue if it (1) uses text-books other than those prescribed by the proper authorities;<sup>625</sup> or (2) fails to comply with the prescribed course of study; or (3) issues warrants to a teacher not legally qualified.<sup>631</sup> (4) After June 30, 1906, districts must levy a three-mill local tax in order to receive their apportionment of school moneys.<sup>631</sup>

<sup>629</sup> Wash. School Law, 1901, p. 25, Title II, Chap. I, Sec. 22.

<sup>630</sup> Ibid., p. 62, Chap. 6, Sec. 110.

<sup>631</sup> Ibid., p. 92, Sec. 174; Laws of Wash., 1905, Chap. 56, Sec. 5.

## CHAPTER LVI

### WEST VIRGINIA

#### SCHOOL FUND

The correct title of the permanent common school fund of West Virginia is School Fund,<sup>632</sup> though it is often called the "irreducible fund."<sup>633</sup> The principal of the fund is intact.

**Title.** fund."<sup>633</sup> The principal of the fund is intact.  
**Condition, 1905** The state has never borrowed any of the principal and cannot do so "because the Constitution forbids the creation of any state debt whatever."<sup>634</sup> The principal is invested chiefly in district, county, and municipal bonds.<sup>635</sup> In 1902 the principal of the School Fund amounted to \$1,104,412.69.<sup>636</sup> "At the general election that year an amendment to [the] Constitution was adopted which limited the permanent school fund to one million dollars and the sources by which it had from time to time been augmented were all to be turned into the general school fund (annual school revenue). The amount in excess of a million dollars—about \$104,000—was distributed as a part of the general school fund in three annual instalments, 1903-04-05. (The School Fund now) produces a revenue of about \$51,000,"<sup>634</sup> approximately two per cent (.0185)\* of \$2,744,334, the total common school revenue in 1905 derived from all sources.<sup>344</sup> The following is a copy of the amendment above referred to: Amending section four of Article XII.

"The accumulation of the School Fund provided for in section four of Article XII, of the Constitution of this State, shall cease upon the adoption

\* Computed.

<sup>632</sup> Constitution, Art. X, Sec. 1; Report U. S. Commissioner of Education, 1892-93, Vol. II, p. 1334.

<sup>633</sup> Report State Supt. of Free Schools, West Virginia, 1906, p. 39.

<sup>634</sup> Statement received from T. C. Miller, W. Va. State Supt. of Free Schools, Feb. 18, 1907.

<sup>635</sup> Report State Supt. of Free Schools, W. Va., 1906, pp. 40-43, table of investment securities.

<sup>636</sup> Ibid., p. 38.



of this amendment, and all money to the credit of said Fund over one million of dollars, together with the interest on said Fund, shall be used for the support of the Free Schools of this State. All money and taxes heretofore payable into the Treasury, under the provisions of the said section four, to the credit of the School Fund, shall be hereafter paid into the treasury to the credit of the general school fund for the support of the free schools of the State." (Adopted at general election in West Virginia, 1902.)

In the year 1863, West Virginia, up to that time a part of Virginia, adopted a constitution and was admitted into the Union as a separate state. The new state in her first constitution provided for the creation of a permanent fund to be known as the School Fund, the interest of which was to be annually applied to the support of free schools throughout the state. The sources from which the fund was to be derived and increased as provided by the constitution were as follows: (1) West Virginia's share of Virginia's Literary Fund and any money, stocks or property which could be rightfully claimed from Virginia for educational purposes; \* (2) proceeds of delinquent waste and unappropriated lands; (3) proceeds of lands heretofore sold for taxes or purchased by Virginia if hereafter redeemed or sold to others than the state; (4) grants, devises or bequests made to the state for the purposes of education where the purpose is not specified; (5) proceeds of intestate estates; (6) proceeds of escheated lands; (7) proceeds of taxes levied on revenue of corporations; (8) military exemption moneys; (9) appropriations by legislature; (10) any interest of School Fund remaining unexpended at the close of the fiscal year. "This fund (the School Fund) was started when this state (West Virginia) was organized by laying claim to about \$120,000 of the Literary Fund of Virginia which was within the bounds of the new state as stock in certain banks. This stock has been quite remunerative, one bank having paid ten per cent dividends for a number of years." July 1, 1871, Virginia transferred to West Virginia \$552,079.29 and again on September 27, 1886, \$166,943.33 as the latter state's share of the Virginia Literary Fund.<sup>614</sup>

\* See, above, Virginia Literary Fund, "Origin," pp. 420, 421.

The School Fund is managed by a board composed of the Governor, Superintendent of free schools, Auditor and Treasurer.”<sup>633</sup>

“Not a penny has been lost for a great many years.”<sup>633</sup> Some time prior to 1875 about \$6,000 was lost through the depreciation of bank stock.<sup>634</sup>

The revenue of the School Fund is apportioned among the districts on the basis of school population.<sup>637</sup>

The income can be used for teachers' wages only.<sup>638</sup>

In order to receive its share of the revenue, a district (1) must maintain a school at least five months; (2) must levy a local tax sufficient with the School Fund revenue to support a school.<sup>639</sup>

<sup>637</sup> School Law of W. Va., revised by State Supt. of Free Schools, 1903, p. 73, Sec. 61.

<sup>638</sup> Ibid., p. 50, Sec. 40.

<sup>639</sup> Ibid., p. 52, Sec. 42, and p. 50, Sec. 40.

## CHAPTER LVII

### WISCONSIN

#### SCHOOL FUND

The titles "irreducible school fund," and "school trust fund" are sometimes applied to the permanent common school fund of

**Title.** Wisconsin. The title provided by the constitution, and, therefore, the correct title is the School Fund.<sup>640</sup> **Condition, 1904** "No printed report (concerning the School Fund) has been available since June 30, 1904."<sup>641</sup> At that time the fund consisted of \$3,609,212.96 and 25,148.27 acres of unsold lands estimated to be worth \$99,000,<sup>641</sup> making the total estimated value of the fund \$3,708,212.96.\* During the Civil War the state borrowed \$1,563,700 from the School Fund; this sum has never been returned and is practically a permanent debt, secured by certificates of indebtedness on which the state pays seven per cent interest. This interest is derived from state taxes whenever the income from other sources is insufficient.<sup>641</sup> The remainder of the fund is invested chiefly in "loans to school districts for two purposes only: building school-houses or refunding district indebtedness and loans to counties and cities for public buildings. The real estate of each of these is pledged to the state as security for the loan."<sup>641</sup> No school lands are at present rented.<sup>641</sup> Wisconsin's total receipts from all sources for common schools in the year 1903-4 amounted to \$8,019,230.08.<sup>643</sup> Of this \$210,419.51,<sup>642</sup> i. e., approximately two and sixty-two hundredths per cent (.0262+) \* was derived from the income of the School Fund. It is, perhaps,

\* Computed.

<sup>640</sup> Constitution of Wis., 1848, Art. X, Sec. 2; Report U. S. Commissioner of Education, 1892-93, Vol. II, p. 1332.

<sup>641</sup> Statement received from Wis. Dept. of Public Instruction, Sept. 12, 1906.

<sup>642</sup> Biennial Report, Wis. Dept. of Public Instruction, 1902-04, Vol. I. p. 130.

<sup>643</sup> Ibid., p. 125.

because so much of this nominal income is in reality derived from taxation that the reports for 1905 include it in state taxes.<sup>344</sup>

Wisconsin provided for the establishment of her School Fund by her first constitution, which became effective upon her admission into the Union, 1848.<sup>640</sup> The original capital consisted of 958,649 acres<sup>10</sup> of sixteenth section lands, and 500,000 acres granted under the Congressional act of 1841,<sup>640</sup> making the total amount of land thus originally devoted to the School Fund 1,458,649 acres.

The Constitution provides the following sources for increasing the principal of the School Fund: <sup>640</sup> (1) proceeds of land granted by the United States; (2) money and proceeds of property forfeited or escheated to the state; (3) military duty exemption moneys; (4) penal fines; (5) any grant of the state whose purpose is not specified; (6) five per cent of the proceeds of the sale of federal public lands lying within the state.

The losses which the fund has suffered seem to be due chiefly to the following causes: defaulting of state officers; lands sold for less than real value; dishonest bookkeeping; partially-paid-for lands stripped of timber and returned comparatively worthless to the state; investment in poor securities; failure to add to the principal of the fund revenues from the sources devoted to it by law. Through the mismanagement and defaulting of state officers the lands in Wisconsin were sold at nominal prices to speculators and the interests of the state largely sacrificed.<sup>643a</sup> As early as 1858, ten years after admission as a state, the Superintendent of Public Instruction complains that the School Fund is being lost and wasted. In 1892 these complaints continue (cf. Report 1858, p. 23, and Report 1891-92, p. 141). Lyman C. Draper, Superintendent of Public Instruction, in his Report, 1859, pages 10-12, complains that exorbitant taxation leads many who have purchased school lands on mortgage to forfeit lands to state, and so throw them back upon the state, and deprive the state of interest. He cites a case in

<sup>643a</sup> Kiehle, *History of Education in Minn.*, p. 18; *Ill. and Minn. School Lands, Management of*.

which it is said \$68.48 was charged as interest on the non-payment of \$148.65 for one year, and \$85.00 for one day.<sup>644</sup> "The variation between ledger accounts of Wisconsin and Washington, divergences in various official statements, absence of all original vouchers in one large account, and the disappearance of many others in other accounts whose files are ostensibly complete render any attempt at making a trustworthy statement precarious."<sup>645</sup>

"The original grants to our state for school purposes amounted according to earlier reports to 1,474,720 acres. The earlier state superintendents estimated that over \$5,000,000 would be received from these sales. . . . Double that amount might have been easily received after the sale of all but 60,000 acres. The state can show but about \$2,000,000 in its school fund credited to this source."<sup>646</sup>

"It is notorious that state lands covered by valuable timber have been sold and a fraction of their purchase price paid, the timber removed and the land then allowed to lapse to the state."<sup>647</sup>

"The certificates of indebtedness are evidence of the disappearance of nearly one-half of the school fund. The law which directed the investment of the school fund in the purchase of state bonds provided for the cancellation of all bonds and substitution therefor of certificates of indebtedness. The certificates are non-negotiable and non-transferable. No provision whatever is made for their payment. The discretionary authority of the commissioners, who are clothed with constitutional powers over its investment, is thereby destroyed by statutory enactment.<sup>650</sup> The rate of interest on these certificates is 7%;<sup>649</sup> the effect is the creation of a perpetual state debt requiring the levy and collection of an annual state tax to the amount of \$157,570 to pay the interest thereon. The interest paid . . . thus far amounts to about \$4,200,000, and the process seems just begun. Additional burdens of taxation are the only fruits of the school fund, the very result which it was intended to avoid."<sup>650</sup>

"Nominal Amount of State School Fund (1892) . . . . \$3,358,502.50<sup>648</sup>

"Certificates of Indebtedness (1892) . . . . 1,563,700.00<sup>648</sup>

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Actual amount available for investment . . . . \$1,794,802.50<sup>648</sup>

<sup>644</sup> Report Supt. of Public Instruction, Wis., 1859, p. 11.

<sup>645</sup> Report Supt. of Public Instruction, Wis., 1891-92, p. 161.

<sup>646</sup> Ibid., p. 143.

<sup>647</sup> Ibid., p. 142.

<sup>648</sup> Ibid., p. 152.

<sup>649</sup> Ibid., p. 153.

<sup>650</sup> Ibid., p. 154.



"This seems evident that a wise administration of all the provisions relating to the School Fund should have resulted in a permanent endowment of from \$15,000,000 to \$20,000,000; that we have instead cash and money invested to the amount of \$3,401,461.49 and a permanent state debt of \$2,251,000; that the application of the available productive funds to the liquidation of the state debts will practically leave the state as though no provision had ever been made for the support of its schools; that the necessity for the disappearance of this money is not apparent; that the laws and records have been witnesses to transactions of more than doubtful propriety ; and that the security for the debt is of questionable validity.<sup>651</sup>

"Nominal amount of total (1892):

Common School Fund . . . . .	\$3,358,502.50 <sup>648</sup>
University Fund . . . . .	228,629.57 <sup>648</sup>
Agricultural College Fund . . . . .	290,054.00 <sup>648</sup>
Normal School Fund . . . . .	1,774,375.42 <sup>648</sup>

Total nominal amount of school fund . . . . .	\$5,651,469.49
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Total amount represented by certificates of indebtedness	2,251,000.00
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Actual amount of productive funds . . . . .	\$3,400,461.00"
---	-----------------

Technically speaking, the money borrowed from the School Fund during the Civil War is not a loss, yet it must certainly be considered a misappropriation, and it is difficult to distinguish the difference between being taxed directly and being taxed to pay your own interest on an inherited trust fund.\* The fund has suffered seriously from two sources; first, the wasting of the school lands, and, second, insufficient legislation respecting the sources of increase. Vast stretches of school lands were bought by lumber speculators for \$2.50 per acre, who, it is said, were required to pay only forty cents on the acre. The timber was cut off and the lands then comparatively worthless reverted to the state. In 1904, \$24,391.49 was derived from penal fines, which sum goes to increase the principal of the fund, but evidently the School Fund is not receiving all that it should from this source. It is difficult to understand why a county like Dane should contribute, in 1904, \$2,431.10, while Milwaukee County contributed only \$35.77. Dane

\* Many states buy state bonds with proceeds of school lands sales and pay interest out of taxes. See Minnesota.

<sup>651</sup> Ibid., p. 161.

County has a population of about 75,500 whereas Milwaukee County has a population of nearly 364,000. Dane is the capital city county and may be assumed to be reasonably intelligent and law-abiding and there is no reason for believing that in Milwaukee County there is a vastly greater respect for law than in Dane County.

The School Fund is managed by a Board of Commissioners composed of the Secretary of State, Treasurer, and Attorney-General.<sup>652</sup>

The revenue is apportioned among the counties, towns, villages, and cities on the basis of the total school population of the same (four to twenty years).<sup>653</sup>

The constitution provides that the revenue of the School Fund may be applied to the following objects:<sup>640</sup> (1) support and maintenance of common school in each school district; (2) libraries; (3) apparatus; (4) the residue shall be appropriated to the support and maintenance of academies, normal schools and libraries and apparatus therefor.

In order to receive its share of the School Fund revenue the school corporation must fulfil the following conditions:<sup>654</sup> (1) it must raise annually by local tax or by transfer from the general fund to the School Fund of the school corporation, an amount equal to its quota of the School Fund revenue; (2) it must maintain a common school for six months taught by a qualified teacher unless excused for sufficient grounds by the Superintendent of Public Instruction; (3) it must submit the report required by law; (4) the report must contain an actual school census taken under the Board of Education or other supervisory body.

<sup>652</sup> Constitution of Wis., Art. X, Sec. 7.

<sup>653</sup> Revised Statutes, Wis., Chap. 28, Sec. 2.

<sup>654</sup> School Laws of the State of Wis., 1897, XVI, pp. 181, 182.

## CHAPTER LVIII

### WYOMING

#### COMMON SCHOOL PERMANENT FUND

The laws and constitution of Wyoming fail to provide any official title for the state's permanent common school fund. The title employed in the reports of the Superintendent of Public Instruction is the Common School Permanent Fund.<sup>655</sup> In 1906 this fund consisted of \$173,000<sup>656</sup> (invested chiefly in school district and county bonds) and 3,458,010 acres<sup>656</sup> of unsold common school lands estimated to be worth approximately \$3,000,000.\* Of these unsold lands 2,057,000 acres<sup>656</sup> were leased, leaving 1,401.010 acres unleased. The principal is intact, none of it ever having been borrowed by the state;<sup>656</sup> \$23,706.76 belonging to the fund was lying in the state treasury uninvested September 30, 1906, because of the lack of opportunity to purchase bonds.<sup>656</sup> The principal of the fund can be invested in the following bonds only: United States, state, school district, and county.<sup>656</sup> The annual income in 1906 derived from the principal amounted to \$11,106.60<sup>656</sup> and the rent of school lands to \$100,009.83<sup>656</sup> making the total income from the Common School Permanent Fund \$111,116.43. The total income from the Common School Permanent Fund in 1905 was \$180,889.11 † of which \$178,875.81 was derived from the rent of lands and \$2,013.29 from the invested principal. The total common school revenue

\* This is Mr. Fuller's estimate. The estimate given, Report U. S. Commissioner of Education, 1905, p. 419, is \$5,329,000, for all lands leased and unleased.

† Statement of Mr. Fuller, Report U. S. Commissioner of Education, 1905, gives it as \$79,279.

<sup>655</sup> Report Supt. of Public Instruction, Wyo., 1899-1900, p. 13.

<sup>656</sup> Statement received from Robert P. Fuller, Wyoming Commissioner of Public Lands, Dec. 12, 1906.

in 1905 derived from all sources excluding balances on hand and bond sales was \$366,300,<sup>644</sup> of which, therefore, approximately forty-nine per cent (.493+)\* was income from the Common School Permanent Fund.

Wyoming, upon her admission into the Union in 1890, received from the United States by act of Congress, for the use of common schools, the sixteenth and thirty-sixth sections in

#### Origin

each township, amounting in all to 3,458,010 acres.<sup>656</sup> The first constitution adopted by Wyoming upon admission into the Union declared the following "to be perpetual funds for school purposes of which the annual income only can be appropriated, to wit:"<sup>657</sup> (1) the proceeds of the sales of sixteenth and thirty-sixth section lands; (2) the proceeds of all lands granted to

#### Sources of Increase

the state not otherwise appropriated; (3) the proceeds of land and property escheated or forfeited to the state; (4) the proceeds of income dividends; (5) the proceeds of intestate estates; (6) five per cent<sup>658</sup> of the proceeds of sales of United States lands lying within the state.

The only loss reported occurred in 1893, through the failure of a bank. The Common School Permanent Fund's

#### Loss

share of the loss was \$5,768.35.<sup>656</sup>

The fund is managed by "The State Board of School Land Commissioners" composed of the Governor, Secretary of State, State Treasurer, and Superintendent of Public

#### Management

Instruction, who control the leasing and sales of the lands under the direction of the legislature.<sup>659</sup> The direct management falls chiefly upon the Commissioner of Public Lands who is the Secretary of the State Board of Land Commissioners, his office having been provided for in 1905.<sup>660</sup>

\* Computed.

<sup>657</sup> Constitution of Wyo., Art. VII, Sec. 13; Report U. S. Commissioner of Education, 1892-93, Vol. II, p. 1408.

<sup>658</sup> Report Supt. of Public Instruction, Wyo., 1901-02, p. 59.

<sup>659</sup> Constitution, Wyo., Art. VII, Sec. 13; Rules of Wyo. State Land Board, 1905, p. 11; Session Laws, 1903, Chap. 78.

<sup>660</sup> Wyo. Session Laws, 1905, Chap. 36.

The revenue is apportioned by the county superintendent as follows: <sup>661</sup> (1) \$150 to each school district in the county; (2) the residue is apportioned on the basis of school population.

**Apportionment**

The objects to which the school fund revenue shall be applied appear not to be named nor specified by law.\* It is provided, however, that it shall be applied exclusively to the support of free schools. <sup>662</sup>

**Objects**

A district, in order to participate in the revenue of the Common School Permanent Fund, must maintain a school for at least three months. <sup>662</sup>

**Conditions of Participation**

\* See Idaho, foot-note 122<sup>a</sup>.

<sup>661</sup> Wyo. School Laws, 1904, p. 98, Sec. 6, p. 361.

<sup>662</sup> Constitution of Wyo., Art. VII, Sec. 7.



## APPENDIX A \*

Tables Relating to the History of Permanent Public Common School Funds, Revenues and Expenditures in Six Typical States: Connecticut, Florida, Indiana, Maine, Massachusetts, New York.

TABLE XXVI. GROWTH OF PRINCIPAL AND INCOME OF CONNECTICUT SCHOOL FUND, 1799-1905 <sup>25</sup>

<i>Year</i>	<i>Principal</i>	<i>Income</i>	<i>Year</i>	<i>Principal</i>	<i>Income</i>
1799	Not reported	\$ 60,403.78	1860	\$2,050,460.49	\$131,825.00
1800	prior to	23,651.10	1865	†	132,018.78
1805	1820	45,157.39	1866	2,044,035.47	130,658.00
1815		38,878.00	1875	†	148,473.00
1820	\$1,858,074.33	58,439.36	1876	2,028,332.81	135,219.00
1825	1,719,434.24	72,418.30	1885	2,030,123.74	120,855.20
1835	2,019,920.89	83,799.00	1895	2,013,102.01	130,832.25
1845	2,070,055.01	117,730.20	1905	2,022,502.23	109,579.27
1855	2,049,953.05	130,054.60			

The School Fund is intact as is shown by the following "Abstract of the Schedule of the Securities Constituting the Principal of the Connecticut School Fund, September 30, 1905." <sup>25</sup>

### SECURITIES CONSTITUTING PRINCIPAL OF THE CONNECTICUT SCHOOL FUND SEPTEMBER 30, 1905

#### *Bonds, Notes and Mortgages*

In Connecticut . . . . .	\$1,000,067.47
In Ohio . . . . .	677,772.00
In Indiana . . . . .	13,600.00
In Massachusetts . . . . .	157.00
	\$1,691,596.47

\* These tables were included in that portion of the original manuscript which, as explained in the Preface, it has been necessary to omit.

† Not reported.

<sup>25</sup> Report Conn. Commissioner of the School Fund, 1905, pp. 7, 12, 13.

## SECURITIES CONSTITUTING PRINCIPAL OF THE CONNECTICUT SCHOOL FUND

SEPTEMBER 30, 1905—*continued*

Brought forward . . . . .	\$1,691,596.47
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*Real Estate*

By foreclosure and deeds, cost . . . . .	178,255.46
--	------------

*Bank Stock*

In nine banks . . . . .	115,212.61
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*Cash*

In Treasury . . . . .	37,437.69
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\$2,022,502.23

The entire income of the fund during the hundred and eight years it has drawn interest, has amounted to \$10,639,765.02,<sup>25</sup> making the average annual dividend \$98,516.34.

TABLE XXVII. TOTAL COST OF PUBLIC EDUCATION IN CONNECTICUT; THE SOURCES FROM WHICH DERIVED AND THEIR RELATIVE IMPORTANCE

Year	Total Cost Public Education	School Fund <sup>2</sup>	Permanent Local Funds		Gifts	Rate Bills (Abolished July 24, 1868)	Town Tax	District Tax	State Tax (First Levied 1871)
			Town Deposit	Other					
1825		\$ 72,229 <sup>d</sup>							
1835		83,769 <sup>d</sup>							
1845		117,730 <sup>d</sup>							
1855 *	\$ 331,821 <sup>a</sup>	129,038 <sup>a</sup>	\$50,000 <sup>a</sup>	\$11,327 <sup>a</sup>		\$ 31,839 <sup>a</sup>	70,129 <sup>y, a</sup>	\$ 39,487 <sup>a</sup>	
1865 †	562,241 <sup>a</sup>	132,048 <sup>a</sup>	48,078 <sup>a</sup>	39,782 <sup>a</sup>		49,984 <sup>a</sup>	91,280 <sup>a</sup>	201,006 <sup>a</sup>	
					(1868)	139,406 <sup>k</sup>			
1875	1,552,583 <sup>b</sup>	148,220 <sup>e</sup>	46,003 <sup>g</sup>	16,064 <sup>g</sup>	\$6,881 <sup>i</sup>		668,167 <sup>e</sup>	463,775 <sup>e</sup>	(1872) \$65,874 <sup>e</sup>
									202,119 <sup>e</sup>
1885	1,852,221 <sup>b</sup>	120,855 <sup>e</sup>	42,089 <sup>g</sup>	8,553 <sup>g</sup>	5,865 <sup>i</sup>		764,688 <sup>e</sup>	525,119 <sup>e</sup>	226,603 <sup>e</sup>
1895	2,585,109 <sup>b</sup>	130,832	33,593 <sup>g</sup>	7,615 <sup>g</sup>	4,179 (1899) <sup>i</sup>		1,195,138 <sup>i</sup>	655,177 <sup>i</sup>	255,883 <sup>i</sup>

PER CENT OF TOTAL COST OF PUBLIC SCHOOLS DERIVED FROM SOURCES NAMED

Year	School Fund	Town Tax	District Tax	Total From Local Tax	State Tax
1866	19.3 <sup>e</sup>	13.2 <sup>e</sup>	45.0 <sup>e</sup>	58.2 <sup>e</sup>	
1875	8.6 <sup>e</sup>	41.9 <sup>e</sup>	22.7 <sup>e</sup>	64.6 <sup>e</sup>	12.6 <sup>e</sup>
1885	6.9 <sup>e</sup>	44. <sup>e</sup>	30.2 <sup>e</sup>	74.2 <sup>e</sup>	13.0 <sup>e</sup>
1895	5.2 <sup>m</sup>	48.6 <sup>m</sup>	26.6 <sup>m</sup>	75.2 <sup>m</sup>	10.4 <sup>m</sup>

\* Including receipts from other sources not reported separately.

† For year 1855, total receipts, not total cost, are given.

<sup>a</sup> Report Conn. Board of Education, 1868, p. 33.

<sup>b</sup> Ibid., 1898, p. 11.

<sup>c</sup> Ibid., 1884, p. 19.

<sup>d</sup> Ibid., 1895, p. 30.

<sup>e</sup> Ibid., p. 26.

<sup>f</sup> Ibid., 1900, p. 38.

<sup>g</sup> Ibid., 1869, p. 14.

<sup>h</sup> Ibid., 1898, pp. 6, 7.

<sup>i</sup> Ibid., 1900, p. 36.

<sup>j</sup> One Per Cent Tax.

<sup>k</sup> These amounts do not agree exactly with the interest reported by School Fund Commissioner. Cf. Table XXXVI, p. 437.

TABLE XXVIII. CONNECTICUT SCHOOL SUPPORT, 1825-95

Presenting the Total Cost of Public Education, the Number of Persons of School Age, and a Comparison of the Amount Per Child derived from the Income of the School Fund with the Amount derived from all other sources.

Year	Total Cost Public Education *	No. Persons School Age <sup>b</sup>	Amt. Per Child Enumerated, Received from		Amt. Per Child in Actual Attendance Received from	
			All Sources	School Fund	All Sources	School Fund
1825		84,976		\$0.85 <sup>g</sup>		
1835		83,779		1.00 <sup>g</sup>		
1845		84,093		1.40 <sup>g</sup>		
1855	\$ 331,821	100,294	\$ 3.31 <sup>d</sup>	1.25 <sup>d</sup>		
1865	562,241	114,825	4.90 <sup>d</sup>	1.15 <sup>d</sup>		
1875	1,552,583	134,976	11.81 <sup>e</sup>	1.10 <sup>i</sup>	\$23.22	\$2.15 <sup>e</sup>
1885	1,852,221	151,069	10.31 <sup>e</sup>	0.79 <sup>e</sup>	19.72	1.51 <sup>e</sup>
1895	2,585,109	174,443	13.34 <sup>e</sup>	0.74 <sup>e</sup>	23.66	1.31 <sup>e</sup>

<sup>b</sup> Report Commissioner Conn. School Fund, 1900, p. 15.

<sup>c</sup> Computed.

<sup>d</sup> Report Conn. Board of Education, 1868, p. 33.

<sup>e</sup> Ibid., 1898, p. 11.

<sup>g</sup> Ibid., 1884, p. 19.

<sup>i</sup> Ibid., 1869, p. 14.

\* For sources cited see Table XXVII, p. 439.

TABLE XXIX. GROWTH OF TEACHERS' WAGES IN CONNECTICUT, AND RELATION OF SAME TO TOTAL EXPENDITURES FOR SCHOOLS

Year	Total Amt. Spent for Teachers' Wages	Per Cent Which Teachers' Wages Is of Total Expenditures	Teachers' Average Wage Per Month	
			Male	Female
1868	\$ 557,193 <sup>a</sup>	57.8 <sup>a</sup>	\$52.05 <sup>d</sup>	\$24.91 <sup>d</sup>
1875	1,021,714 <sup>a</sup>	60.1 <sup>a</sup>	71.48 <sup>d</sup>	36.67 <sup>d</sup>
1885	1,130,863 <sup>a</sup>	63.6 <sup>a</sup>	69.17 <sup>d</sup>	37.21 <sup>d</sup>
1895	1,548,148 <sup>a</sup>	58.5 <sup>a</sup>	85.87 <sup>d</sup>	41.48 <sup>d</sup>
1900	1,896,915 <sup>b</sup>	60.7 <sup>b</sup>	89.87 <sup>e</sup>	43.61 <sup>e</sup>

<sup>a</sup> Report Conn. Board of Education, 1898, p. 11.

<sup>b</sup> Ibid., 1902, p. 47.

<sup>d</sup> Ibid., 1898, p. 53.

<sup>e</sup> Ibid., 1902, p. 92.

TABLE XXX. FLORIDA STATE SCHOOL FUND—GROWTH OF PRINCIPAL AND INCOME AND RELATION OF INCOME TO TOTAL PUBLIC SCHOOL EXPENDITURE

<i>Year</i>	<i>Principal</i>	<i>Income State School Fund</i>	<i>Total Public<sup>19</sup> School Expenditure</i>	<i>Per Cent Con- tributed by State School Fund</i>
1870	\$ 223,595 <sup>15</sup>	\$38,145 <sup>21</sup>	\$ 129,431 <sup>24</sup>	29 <sup>c</sup>
1875	219,400 <sup>15</sup>	17,500 <sup>23</sup>		12.5+ <sup>c</sup>
1876			139,340	
1885	490,784 <sup>15</sup>			
1886		34,318 <sup>22</sup>	309,890	11+ <sup>c</sup>
1894		35,305 <sup>20</sup>	653,175	5.4+ <sup>c</sup>
1895	647,100 <sup>16</sup>			
1902		30,813 <sup>26</sup>	792,919 <sup>24</sup>	3.9 <sup>25</sup>
1905	1,085,367 <sup>*, 14</sup>	33,632 <sup>14</sup>	1,473,191.80 <sup>14</sup>	2.28 <sup>c</sup>

<sup>c</sup> Computed.

\* Not including the value of unsold school lands.

<sup>14</sup> Statement returned Feb. 24, 1907, by W. M. Holloway, Fla. State Supt. Public Instruction.

<sup>15</sup> Report Fla. State Supt. of Public Instruction, 1892-94, p. 63.

<sup>16</sup> Ibid., 1894-96, p. 53.

<sup>19</sup> Report Fla. State Supt. of Public Instruction, 1892-94, p. 63, gives data for 1870-94.

<sup>20</sup> Ibid., p. 66.

<sup>21</sup> Ibid., 1870, p. 16.

<sup>22</sup> Ibid., 1885-86, p. 27.

<sup>23</sup> U. S. Commissioner of Education, Report, 1875, p. 65.

<sup>24</sup> Ibid., 1902, LXXXV.

<sup>25</sup> Ibid., LXXXIV.

<sup>26</sup> Ibid., LXXXIII.



## PERMANENT COMMON SCHOOL FUNDS

TABLE XXXI. INDIANA COMMON SCHOOL FUND

*Origin and Composition*

<i>Title of Fund</i>	<i>Date of Origin</i>	<i>Amount Added to Common <sup>a</sup> School Fund</i>
County Seminary Fund	1816	\$ 103,238 <sup>14</sup>
Saline Fund *	1816	85,000 <sup>21</sup>
Delinquent Tax Fund <sup>o</sup>	1832	Nothing
Bank Tax Fund	1834	80,000 <sup>21</sup>
Sinking Fund	1834	4,767,805 <sup>21</sup>
Surplus Revenue Fund †	1837	567,126 <sup>26</sup>

<sup>a</sup> The amounts given in the different state reports do not always agree with themselves nor with those given by Boone.

<sup>o</sup> Added to Common School Fund, 1853.

\* Purpose not stated, 1816, not devoted to schools until 1819.

† Bourne, E. G., *History of the Surplus Revenue of 1837*, pp. 60-64, 122. According to Bourne, the \$567,126 of United States Surplus Revenue distributed originally among the counties was lost, so it can scarcely be said to have actually added anything, though it serves as a resource as counties must pay interest on the amount credited to them.

<sup>14</sup> Boone, R. G., *History of Education in Indiana*, p. 186, and Report Indiana State Supt. of Public Instruction, 1878, p. 80.

<sup>21</sup> Report Indiana State Supt. of Public Instruction, 1871-73, pp. 15-16.

<sup>26</sup> Boone, R. G., *History of Education in Indiana*, p. 196.

TABLE XXXII. SOURCES OF INCREASE OF INDIANA COMMON SCHOOL FUND

## A. Unproductive:

1. Delinquent Tax Fund
2. Michigan Road Sales
3. Escheated Estates
4. Taxes on Corporations
5. Swamp Land Fund

## B. Productive:

1. Fines
2. Forfeits
3. Estrays

TABLE XXXIII. SHOWING INCREASE OF PRINCIPAL OF INDIANA COMMON SCHOOL FUND FROM SOURCES NAMED

Year	Fines and Forfeitures	Amounts Added from Other Sources
1868 <sup>56</sup>	\$32,904	\$ 2,143
1875 <sup>56</sup>	46,339	3,675
1885 <sup>55</sup>	49,860	6,664
1895 <sup>57</sup>	59,969	14,867
1902 <sup>57</sup>	43,444	9,706
1903 <sup>57</sup>	41,433	12,080
1905 <sup>57</sup>	49,353	96,845
1906 <sup>57</sup>	95,752	6,474

<sup>55</sup> Boone, R. G., *History of Education in Indiana*, p. 189.

<sup>56</sup> Report State Supt. of Public Instruction, 1878, p. 80.

<sup>57</sup> Ibid., 1906, p. 811.

TABLE XXXIV. GROWTH OF PRINCIPAL OF INDIANA COMMON SCHOOL FUND, 1854-1906

Year	Principal		Total *
	Congressional Township Fund	Common School Fund	
1853			\$ 2,278,588 <sup>62</sup>
1854	\$1,676,717 <sup>11</sup>	\$ 882,591 <sup>c</sup>	2,559,308 <sup>62</sup>
1864	2,098,715 <sup>61</sup>	5,679,640 <sup>c</sup>	7,778,355 <sup>58</sup>
1874	2,330,823 <sup>11</sup>	6,468,368 <sup>c</sup>	8,799,191 <sup>58</sup>
1885	2,404,936 <sup>59</sup>	6,923,854 <sup>59</sup>	9,328,791 <sup>58</sup>
1895	2,501,590 <sup>59</sup>	7,645,369 <sup>59</sup>	10,146,959 <sup>58</sup>
1905	2,473,143 <sup>59</sup>	8,168,082 <sup>59</sup>	10,641,226 <sup>58</sup>
1906	2,473,143 <sup>59</sup>	8,270,255 <sup>59</sup>	10,743,399 <sup>58</sup>

<sup>c</sup> Computed.

\* Total theoretically should always equal sums of other two; practically it does not, as in some cases unsold lands are included by the state reports in the principal.

<sup>11</sup> Boone, R. G., *History of Education in Indiana*, p. 180.

<sup>58</sup> Report Indiana State Supt. of Public Instruction, 1906, p. 810.

<sup>59</sup> Ibid., pp. 804, 805.

<sup>61</sup> Ibid., 1863-64, p. 19.

<sup>62</sup> Cotton, F. A., *Education in Indiana*, p. 177.

TABLE XXXV. GROWTH OF INCOME OF INDIANA COMMON SCHOOL FUND

<i>Year</i>	<i>Revenue Common School Fund</i>	<i>Revenue Congressional Township Fund</i>	<i>Total</i>
No data prior to 1864			
1865 <sup>63</sup>	\$ 97,672	\$154,632	\$252,304 <sup>c</sup>
1875 <sup>63</sup>	424,337	167,231	591,568 <sup>c</sup>
1885 <sup>64</sup>	476,841	202,389	679,230 <sup>c</sup>
1895 <sup>60</sup>	452,932	153,169	609,101 <sup>c</sup>
1905 <sup>60</sup>	485,096	153,271	638,367 <sup>c</sup>
1906 <sup>60</sup>	479,147	147,775	626,922 <sup>c</sup>

<sup>c</sup> Computed.<sup>60</sup> Report Indiana State Supt. of Public Instruction, 1906, pp. 806, 807.<sup>63</sup> Ibid., 1876, p. 67.<sup>64</sup> Ibid., 1885-86, p. 166.TABLE XXXVI. AVERAGE ANNUAL INCREASE OF PRINCIPAL<sup>c</sup> OF INDIANA SCHOOL FUNDS

<i>Years</i>	<i>Congressional Township Fund</i>	<i>Common School Fund</i>
1854-1864	\$42,199	\$479,704
1864-1875	21,100	71,748
1875-1885	7,411	45,548
1885-1895	9,665	72,151
1895-1902	5,183 (decrease) <sup>o</sup>	47,601

<sup>c</sup> Computed.<sup>o</sup> Data given in reports includes estimated value of unsold lands. Decrease is probably due to overestimate of value of unsold lands.

TABLE XXXVII. COMPARISON OF INDIANA SCHOOL REVENUES \*

Year	Totals <sup>a</sup>	Common School Fund	Congressional Township Fund	State Tax	Local Tax
1866	\$ 1,998,537	\$111,425	\$150,044	\$ 910,585	\$ 666,673
1868	2,668,946	299,654	154,037	864,548	1,102,441
1873	3,835,991	423,520	98,988	1,190,627	2,048,066
1885	4,917,035	476,841	202,390	1,416,884	2,455,756
1895	6,977,892	452,932 <sup>b</sup>	153,169	1,980,452	3,977,755
1900	7,229,017	460,516 <sup>b</sup>	147,456	1,595,344	4,437,284
1902	8,055,861	475,534 <sup>b</sup>	139,059	1,623,170	5,242,619
1905 <sup>60</sup>	10,564,799	485,096	153,271	1,812,617	3,752,702
1906 <sup>60</sup>	9,335,237	479,147	147,775	1,851,960	3,559,113

<sup>a</sup> Total revenue does not agree with total expenditures, since latter includes items not coming through regular channels. Cotton, F. A., *Education in Indiana*, p. 185, note 4.

<sup>b</sup> Including amount paid by borrowers and by counties.

\* Data through 1885 computed from (Table) Boone, R. G., *History of Education in Indiana*, p. 335, compared as far as possible with reports. Data after 1885 taken from state reports as given by Cotton, F. A., *Education in Indiana*, pp. 184, 185.

<sup>60</sup> Data for years 1905 and 1906 are from Report Ind. State Supt. of Public Instruction, 1906, pp. 806-807.

TABLE XXXVIII. GROWTH OF INDIANA'S ENDOWED SCHOOL SYSTEM †

	1855	1865	1875	1885
1. Population . . . . .	1,350,428	1,680,637	1,978,362	2,192,404
2. School Census . . . . .	452,124	552,244	667,736	740,949
3. Enrolment . . . . .	206,994	413,374	502,362	504,520
4. School Term in days . . . . .	61	66	130	129
5. Taxables . . . . .	\$300,000,000	\$567,000,000	\$898,000,000	\$794,000,000
6. Expenditures . . . . .	500,000	1,338,540	4,921,085	5,218,999
7. Teachers, Number Employed . . . . .	4,000	9,313	13,133	13,254
8. Salary, Average Per Month:				
Male . . . . .	\$23.76	\$31.00	\$42.40	\$44.60
Female . . . . .	16.84	20.50	38.20	36.80

† Table XXXVIII is taken from Boone, R. G., *History of Education in Indiana*, p. 315.

TABLE XXXIX. GROWTH OF PRINCIPAL AND INCOME OF MAINE PERMANENT SCHOOL FUND—RELATION TO OTHER SOURCES OF SCHOOL REVENUE

Year	Permanent School Fund		Total Expenditures for Public Schools	Portion of Total Expenditures Derived from Income of Permanent School Fund <sup>c</sup>
	Principal	Income		
1838	\$ 2,813 <sup>24</sup>			
1842	20,782 <sup>24</sup>		See foot-note <sup>a</sup>	
1846	57,629 <sup>24</sup>		Table XXXVII	
1848	104,648 <sup>24</sup>			
1851		\$ 6,255 <sup>27</sup>	\$ 350,000 <sup>43</sup>	.052
1855	125,281 <sup>24</sup>	7,516 <sup>27</sup>	467,217 <sup>44</sup>	.052
1865	181,231 <sup>38</sup>	10,120 <sup>39</sup>	810,560 <sup>45</sup>	.036
1875	400,558 <sup>40</sup>	22,193 <sup>41</sup>	1,313,303 <sup>46</sup>	.036
1885	442,757 <sup>42</sup>	26,565 <sup>42</sup>	1,002,566 <sup>47</sup>	.051
1895	442,757 <sup>42</sup>	26,565 <sup>42</sup>	1,264,870 <sup>48</sup>	.057
1905	442,757 <sup>42</sup>	26,565 <sup>42</sup>	2,607,783 <sup>42</sup>	.0102
1906	445,625 <sup>42</sup>			

<sup>c</sup> Computed.<sup>24</sup> Me. School Report, 1855, p. 15.<sup>27</sup> Ibid., p. 16.<sup>38</sup> Ibid., 1866, p. 46.<sup>39</sup> Ibid., this is for 1864, not given for 1865.<sup>40</sup> Me. School Report, 1875, p. 8.<sup>41</sup> Ibid., p. 9.<sup>42</sup> Statements received from State Treasurer Oct. 28, 1904, and from Ed. Wiggins, Secretary of State Department of Education, Nov. 8, 1906.<sup>43</sup> Estimate from data given Me. School Report, 1851, p. 18.<sup>44</sup> Me. School Report, 1855, p. 7, computed by subtracting expenditure for private schools from total expenditure.<sup>45</sup> Me. School Report, 1865, p. 37, computed same as 44.<sup>46</sup> Report U. S. Commissioner of Education, 1875, p. xxxii; Me. School Report, 1875, p. 9, gives \$1,339,704.<sup>47</sup> Me. School Report, 1885, App., p. 61.<sup>48</sup> Me. School Report, 1895, App., p. 188.

TABLE XL. MAINE LOCAL SCHOOL TAX RATE, 1821-1872

1821	1853	1854	1865	1868	1872
\$0.40 <sup>11</sup>	\$0.50 <sup>12</sup>	\$0.60 <sup>12</sup>	\$0.75 <sup>12</sup>	\$1.00 <sup>12</sup>	\$0.80 <sup>12</sup>

<sup>11</sup> Act, Jan., 1821, Sec. 1; *Study of the History of Education in Maine*, by Supt. of Public Schools, p. 18.<sup>12</sup> Me. School Report, 1872, p. 28.



TABLE XLI. MAINE SCHOOL BANK TAX

(Only form of state aid antedating distribution of income of Permanent School Fund)

<i>Year</i>	<i>Amt. Bank Tax Contributed to Schools</i>
1833 . . . . .	\$18,389 <sup>15</sup>
1837 . . . . .	49,415 <sup>16</sup>
1863 . . . . .	79,830 <sup>17</sup>
1864 . . . . .	39,385 <sup>18</sup>
1867 . . . . .	4,475 <sup>19</sup>
1868 . . . . .	4,473 <sup>20</sup>
1869 . . . . .	Ceased <sup>21</sup>

<sup>15</sup> Maine School Report, 1855, p. 14.<sup>16</sup> Ibid., 1855, p. 14.<sup>17</sup> Ibid., 1866, p. 43.<sup>18</sup> Ibid., 1864, p. 56.<sup>19</sup> Ibid., 1867, p. 44.<sup>20</sup> Ibid., 1868, p. 72.<sup>21</sup> Ibid., 1869, p. 156.

TABLE XLII.\* MAINE PERMANENT SCHOOL FUND—RELATION OF PERMANENT SCHOOL FUND TO OTHER SOURCES OF SCHOOL REVENUE

Year	Total Public School Expenditure*	Income Derived From		Total Local Tax	Excess of Local Tax Raised over Required	State Bank Tax	Tax on Savings Banks & Trust Cos.	Mill Fund or State Tax	Total Number of Children of School Age (4-21 yrs.)	Total Expend. per Child <sup>c</sup>	Income per Child Derived from	
		Permanent* School Fund	Permanent Local Funds								Permt. School Fund <sup>c</sup>	Local Tax <sup>c</sup>
1851	\$ 350,000	\$ 6,255	\$12,212 <sup>72</sup>	\$264,351 <sup>72</sup> , <sup>a</sup>	\$ 41,010 <sup>72</sup>	\$27,446 <sup>71</sup>	Created by	\$224,536 <sup>74</sup>	\$ 230,274 <sup>73</sup>	\$1.51	\$0.027	\$1.14
1855	467,217	7,516	19,990 <sup>74</sup>	333,019 <sup>74</sup>	51,871 <sup>74</sup>	64,127 <sup>77</sup>	Act 1872	224,579 <sup>77</sup>	238,248 <sup>82</sup>	1.95	.031	1.38
1865	810,560	10,120	19,469 <sup>87</sup>	469,463 <sup>87</sup>	27,944 <sup>87</sup>	39,386 <sup>88</sup>	to take place of Bank Tax	235,943 <sup>28</sup>	219,060 <sup>87</sup>	3.70	.046	2.14
1872	1,112,373	18,788	14,408 <sup>74</sup>	717,719 <sup>74</sup>	223,406 <sup>75</sup> (1868)	4,473 <sup>76</sup>		\$224,536 <sup>74</sup>	226,751 <sup>83</sup>	4.00	.082	3.16
1875	1,313,303	22,193	25,587 <sup>77</sup>	662,558 <sup>77</sup>	173,026 <sup>78</sup>	Dis-	145,935 <sup>77</sup>	224,579 <sup>77</sup>	221,477 <sup>84</sup>	5.92	.10	2.54
1885	1,002,566	26,565	25,157 <sup>88</sup>	674,676 <sup>88</sup>	154,960 <sup>88</sup>	continued	101,603 <sup>28</sup>	235,943 <sup>28</sup>	212,390 <sup>88</sup>	4.72	.125	3.12
1895	1,264,870	26,565	46,040 <sup>89</sup>	710,910 <sup>89</sup>	168,795 <sup>89</sup>	after	198,570 <sup>28</sup>	324,478 <sup>28</sup>	208,042 <sup>89</sup>	6.12	.127	3.41
1902	1,794,505	26,565	38,042 <sup>79</sup>	751,495 <sup>79</sup>	209,936 <sup>79</sup>	1868 <sup>76</sup>	262,515 <sup>28</sup>	336,690 <sup>28</sup>	213,526 <sup>70</sup>	8.40	.124	3.51

<sup>a</sup> Data based on towns which made returns. Cf. Table XXXIX. <sup>c</sup> Computed.

\*For foot-notes for data in these columns and for foot-notes referred to by number but not given here see Table XXXIX.

<sup>71</sup> Me. School Report, 1855, p. 16. <sup>28</sup> From personal letter from State Treasurer Oct. 28, 1904. <sup>38</sup> Me. School Report, 1866, p. 46. <sup>44</sup> Me. School Report, 1855, p. 7.<sup>62</sup> Me. School Report, 1855, p. 6. <sup>64</sup> Ibid., 1872, p. 6.<sup>67</sup> Ibid., 1865, p. 37. <sup>68</sup> Ibid., 1885, App., p. 61. <sup>69</sup> Ibid., 1895, App., p. 188. <sup>70</sup> Ibid., 1902, App., p. 62. <sup>72</sup> Me. School Rept., 1851, p. 18.<sup>73</sup> Ibid., p. 21.<sup>74</sup> Ibid., 1873, p. 9. <sup>75</sup> Ibid., p. 31. <sup>76</sup> Ibid., 1868, p. 72. <sup>77</sup> Ibid., 1875, p. 9.<sup>78</sup> Ibid., p. 7. <sup>79</sup> Ibid., 1902, App., p. 62.

TABLE XLIII. MAINE TEACHERS' WAGES PER MONTH, EXCLUSIVE OF BOARD  
UNLESS STATED OTHERWISE \*

<i>Year</i>	<i>Male</i>	<i>Female <sup>a</sup></i>
1851 . . . . .	\$16.66 <sup>65</sup>	\$5.92 <sup>65</sup>
1855 . . . . .	20.57 <sup>62</sup>	7.60 <sup>66</sup>
1865 . . . . .	27.76 <sup>67</sup>	9.96 <sup>67</sup>
1872 . . . . .	33.17 <sup>63</sup>	14.00 <sup>63</sup>
1875 . . . . .	36.96 <sup>64</sup>	17.36 <sup>64</sup>
1885 . . . . .	32.07 <sup>68</sup>	15.84 <sup>68</sup>
1895 . . . . .	35.11 <sup>69</sup>	24.04 <sup>69</sup>
1902 . . . . .	36.05 <sup>70</sup>	27.24 <sup>70</sup>

\* For foot-notes see those accompanying Table XLII.

TABLE XLIV. MASSACHUSETTS

Year	Total Public School Expenditure of Massachusetts <sup>a</sup>	Limit Placed on Principal of Mass. School Fund by Law	Principal of Massachusetts School Fund	Total Income From Mass. School Fund	Amount of Income of Mass. School Fund pd. to Towns & Cities for Common Schools <sup>e</sup>	School Age
1835		\$1,000,000 <sup>48</sup>	\$ 514,906 <sup>7</sup>	\$16,176 <sup>6</sup>	\$ 16,176	
1837			561,676 <sup>7</sup>	20,040 <sup>7</sup>	20,040	4-16
1845	\$ 801,027 <sup>1, b</sup>		789,389 <sup>7</sup>	28,966 <sup>7</sup>	28,966	4-16
		1,500,000(1851) <sup>47</sup>				
1856	2,346,309 <sup>2, b</sup>	2,000,000(1854) <sup>49</sup>	1,627,467 <sup>8</sup>	90,566 <sup>8</sup>	46,808 <sup>13</sup>	5-15
1865	1,940,596 <sup>b</sup>		2,000,000 <sup>9</sup>	121,786 <sup>9</sup>	60,724 <sup>14</sup>	5-15
1875	6,201,614 <sup>3, d</sup>		2,065,238 <sup>10</sup>	167,655 <sup>10</sup>	83,827 <sup>15</sup>	5-15
1885	7,020,430 <sup>4</sup>		2,710,241 <sup>11</sup>	134,136 <sup>11</sup>	67,972 <sup>16</sup>	5-15
1895	10,661,356 <sup>5</sup>	5,000,000(1894) <sup>50</sup>	3,870,548 <sup>12</sup>	172,729 <sup>12</sup>	79,410 <sup>17</sup>	5-15
1902	15,132,133 <sup>5</sup>		4,570,548 <sup>12</sup>	220,731 <sup>12</sup>	182,270 <sup>18</sup>	5-15
1905	13,186,652 <sup>52</sup>		4,880,111 <sup>46</sup>	219,379 <sup>46</sup>		5-15

EXPLANATION OF FOOT-NOTES:—Rept. = Report of the Board of Education of Mass.; Sec. Rept. = Report of the Secretary in the Annual Report of the Mass. Board of Ed. In the earlier reports, the Sec. Report and the Report of the Board, though bound together, are paged separately. Sec. 29th Rept. p. 53 = Page 53 of the Secretary's Report in the 29th Report of the Mass. Bd. of Ed.; 29th Rept. = 29th Annual Report of the Bd. of Ed. of Mass. Unless year is given Repts. are referred to by number.

The following table will assist in determining the year of the Report:

9th Report is for year 1845	39th Report is for year 1874-75
20th " (1857) " " 1855-56	49th " " " " 1884-85
25th " is for " 1860-61	59th " " " " 1894-95
29th " " " " 1864-65	66th " " " " 1901-02

<sup>a</sup> Computed from data given in Annual Reports of Mass. Board of Ed.

<sup>b</sup> Expenditures for school buildings not called for prior to 1867. Some estimates have been made as follows: For 1845 see Sec. 9th Rept., p. 23; for 1855-56 see Sec. 20th Rept., p. 38. The total given in this table includes these estimates for these two years. The total given for 1856 includes, also, expenditures for Normal Schools, Teachers' Institutes, etc. The total given for 1865 does not include expenditures for school buildings.

<sup>c</sup> Computed.

<sup>d</sup> Exclusive of expenditures for school books.

<sup>e</sup> First payment direct to towns and cities was made in 1836. Owing to a change in the time for making school returns, no payment was made from November, 1838, to April, 1839, when \$35,806, the income for 1½ years, was paid. After 1854, only one-half the income was paid directly to the towns and cities, the other half was devoted to general educational expenses and to the principal of the School Fund. (See paragraph on "Objects.")

<sup>f</sup> Including board.

<sup>g</sup> Not including board.

## SCHOOL FUND—SUMMARY

Total Number Children of School Age	Rate of Re- quired Local Tax per Child	Total Local Tax Re- quired for Whole State <sup>c</sup>	Total Local Tax Actu- ally Raised	Excess Raised over Amount Required <sup>e</sup>	Total Ex- pendi- ture per Child	Amount per Child Received from		Teachers Average Monthly Wage	
						Income of School Fund <sup>e</sup>	Local Tax	Male	Female
182,191 <sup>10</sup> (1839)	\$1.00	\$182,191	\$467,124 <sup>27</sup>	\$284,933		\$0.11	\$2.62 <sup>38</sup>	\$25.48 <sup>39</sup>	\$11.38 <sup>39</sup>
194,634 <sup>20</sup>	1.25	243,730	726,566 <sup>28</sup>	482,836	\$4.10 <sup>c</sup>	.148	3.60 <sup>38</sup>	32.11 <sup>40</sup> <sup>f</sup>	7.50 <sup>41</sup>
222,853 <sup>21</sup>	1.50	334,279	1,802,167 <sup>29</sup>	1,467,888	10.52 <sup>34</sup> <sup>c</sup>	.21	5.48 <sup>38</sup>	43.05 <sup>42</sup> <sup>f</sup>	18.52 <sup>42</sup> <sup>j</sup>
247,275 <sup>22</sup>	3.00	741,825	1,782,624 <sup>30</sup>	1,040,799	7.40 <sup>b</sup>	.20	7.20 <sup>c</sup>	54.77 <sup>43</sup>	21.82 <sup>43</sup>
294,798 <sup>23</sup>	3.00	884,394	5,891,666 <sup>31</sup>	5,007,272	21.00 <sup>35</sup>	.28	19.09 <sup>c</sup>	88.37 <sup>23</sup>	35.35 <sup>23</sup>
343,810 <sup>24</sup>	3.00	1,031,430	6,849,490 <sup>32</sup>	5,818,060	20.42 <sup>36</sup>	.19	19.17 <sup>c</sup>	111.23 <sup>44</sup>	43.97 <sup>44</sup>
417,335 <sup>25</sup>	3.00	1,226,604	10,469,367 <sup>33</sup>	9,242,673	26.07 <sup>37</sup>	.19	25.61 <sup>37</sup>	128.55 <sup>45</sup>	48.38 <sup>45</sup>
483,103 <sup>26</sup>	3.00	1,449,309	14,622,654 <sup>32</sup>	13,173,345	31.32 <sup>c</sup>	.39	30.28 <sup>37</sup>	143.33 <sup>45</sup>	53.37 <sup>45</sup>
513,156 <sup>54</sup>			12,594,425 <sup>55</sup>		35.34 <sup>53</sup>		24.54 <sup>56</sup>	149.05 <sup>51</sup>	57.22 <sup>51</sup>

<sup>1</sup> Sec. 9th Rept., p. 23.<sup>2</sup> Sec. 20th Rept., pp. 38, 76.<sup>3</sup> 39th Rept., pp. 121, 122.<sup>4</sup> 49th Rept., p. 50.<sup>5</sup> 66th Rept., p. 107.<sup>6</sup> 25th Rept., pp. 48, 49.<sup>7</sup> Sec. 9th Rept., p. 22.<sup>8</sup> Sec. 20th Rept., p. 70.<sup>9</sup> Sec. 29th Rept., pp. 66, 67<sup>10</sup> 39th Rept., pp. 135, 136.<sup>11</sup> 49th Rept., p. 67.<sup>12</sup> 66th Rept., p. 222.<sup>13</sup> Sec. 20th Rept., p. 75.<sup>14</sup> Sec. 29th Rept., p. 45.<sup>15</sup> 39th Rept., p. 137.<sup>16</sup> 49th Rept., p. 50.<sup>17</sup> 59th Rept., p. 201.<sup>18</sup> 66th Rept., p. xcii.<sup>19</sup> Abstract Mass. Sch. Returns, p. 341.<sup>20</sup> Sec. 9th Rept., p. 25.<sup>21</sup> Sec. 20th Rept., p. 73.<sup>22</sup> Sec. 29th Rept., p. 44.<sup>23</sup> Sec. 39th Rept., pp. 120, 121.<sup>24</sup> 49th Rept., p. 49.<sup>25</sup> Sec. 60th Rept. p. 63.<sup>26</sup> Computed from data 66th Rept., p. 89.<sup>27</sup> Computed from data Sec. 20th Report, p. 75, as follows: Local Taxes for wages, fuel, etc., \$387,124, local taxes for Sch. Buildings, \$80,000; Total, \$467,124.<sup>28</sup> Computed; Building estimated at \$150,000, \$576,566 for wages, fuel, etc., Sec. 9th Rept., p. 23.<sup>29</sup> Computed like notes, 27 and 28; Sec. 20th Rept., p. 75.<sup>30</sup> Too low; expenditure for building and repairs not reported; Sec. 29th Rept., p. 45.<sup>31</sup> Computed like note 29, 39th Rept., p. 121.<sup>32</sup> 49th Rept., p. lxxvi.<sup>33</sup> 66th Rept., p. 106.<sup>34</sup> Computed; \$12+ is given, Sec. 20th Rept., p. 76.<sup>35</sup> 39th Rept., p. 122.<sup>36</sup> 49th Rept., p. 50.<sup>37</sup> 66th Rept., p. 108.<sup>38</sup> Sec. 20th Rept., p. 38.<sup>39</sup> Sec. 20th Rept., p. 41.<sup>40</sup> Sec. 9th Rept., p. 30.<sup>41</sup> Ibid., p. 36.<sup>42</sup> Sec. 20th Rept., p. 74.<sup>43</sup> Sec. 29th Rept., p. 45.<sup>44</sup> 53rd. Rept., p. 62.<sup>45</sup> 66th Rept., p. 92.<sup>46</sup> Rept., Mass. Sch. Fund Commissioners, 1905.<sup>47</sup> 39th Rept., p. 7.<sup>48</sup> Laws 1834, Chap. 169, Sec. 1.<sup>49</sup> Laws 1854, Chap. 300, Sec. 3. j<sup>50</sup> Resolves 1894, Chap. 90.<sup>51</sup> 60th Rept., p. 76.<sup>52</sup> Ibid., p. 77.<sup>53</sup> Ibid., p. 79.<sup>54</sup> Ibid., p. lxxxviii.<sup>55</sup> Ibid., p. xc.<sup>56</sup> Ibid., p. cviii.



TABLE XLV. SOURCES OF GROWTH OF MASSACHUSETTS SCHOOL FUND,  
1835-1937

<i>Years</i>	<i>Amount</i>	<i>Source</i>
1, 2. 1835-53	\$1,244,284	Claims on United States for military services and proceeds of sales of state lands
3. 1835		Forfeitures of School Fund income by towns failing to fulfil conditions necessary for participation
4. 1854	255,800 (Est'd)	Railroad shares in Western Railroad corporation
5. 1854		Balances of that half of income of School Fund, used for general educational expenses
6. 1859-64	456,930	Back Bay lands
7. 1882	624,000	Exchange of stock at a premium
8. 1891	12,043	Collected war claims
9. 1891	696,107	U. S. direct tax
10. 1894-1905	100,000	Annual appropriation
11. 1890		"Moneys received into state treasury disposition of which is not otherwise provided for"
12. 1901-37	25,000	Excess income of the Fitchburg Railroad securities loan sinking fund
(Added to annual income)		

At present (1905) three sources from which the principal of the Massachusetts School Fund may be increased are provided by law, as follows: (1) Portions of the School Fund income forfeited by towns for failure to fulfil conditions of participation;<sup>28</sup> (2) moneys received into the state treasury disposition of which is not otherwise provided for;<sup>29</sup> (3) annual appropriation of \$100,000 to be continued until the principal of the School Fund amounts to \$5,000,000;<sup>30</sup> (4) \$25,000 to be added annually to the income of the School Fund until 1937.<sup>25</sup>

<sup>25</sup> For full account see 64th Report, 1899-1900, pp. 19, 264.

<sup>28</sup> Public Statutes of Mass. relating to Public Instruction, Including Laws in Force, 1892.

<sup>29</sup> Acts, 1890, Chap. 335, Sec. 1.

<sup>30</sup> Resolves, 1894, Chap. 90.

TABLE XLVI. GROWTH OF PRINCIPAL AND INCOME OF NEW YORK COMMON SCHOOL FUND, 1806-1905

<i>Year</i>	<i>Principal <sup>a</sup></i>	<i>Annual Increase (+) or Decrease (-) of Capital</i>	<i>Annual Income or Interest</i>	<i>Annual Appropriation from State Treasury</i>	<i>Amount Received by Districts</i>
1796		(See foot-note <sup>k</sup> )	\$49,250.00	No distribution made until (1815) the revenue amt'd to \$50,000	
1797			50,000.00		
1800			49,622.50		
1801			377.50		
1806	\$ 58,757.24	+\$124,405.72	Not stated		
1807	183,162.96	+ 124,001.60	" "		
1808	307,164.56	+ 83,472.59	" "		
1809	390,637.15	+ 37,540.76	24,115.46		
1810	428,177.91	+ 55,148.38	26,480.77		
1811	483,326.29	+ 75,138.40	36,427.64		
1812	558,464.69	+ 78,293.38	45,216.95		
1813	636,758.07	+ 185,306.07	47,612.16		
1814	822,064.94	+ 39,392.95	57,248.39	\$ 48,376	\$55,720.98
1815	861,457.89	+ 72,557.24	57,539.88	46,398	64,834.88
1816	934,015.13	+ 48,227.13	64,053.01	54,799	73,235.42
1817	982,242.26	- 10,880.95	69,555.29	59,933	93,010.54
1818	971,361.31	+ 132,587.78	68,770.00	59,968	117,151.07
1819	1,103,940.09	+ 125,126.91	70,556.04	59,930	146,418.08
1820	1,229,076.00	- 15,550.00	78,944.56	79,957	157,195.04
1821	1,215,526.00	- 62,895.43	77,144.56	80,104	173,420.56
1822	1,152,630.57	+ 3,196.83	77,417.86	80,000	182,820.25
1823	1,155,827.40	+ 17,085.88	72,515.09	80,000	182,741.61
1824	1,172,913.23	+ 115,396.19	75,315.05	80,000	182,790.09
1825	1,288,309.47	+ 31,576.99	82,815.41	80,000	185,720.46
1826	1,319,886.46	+ 33,591.18	86,429.93	80,000	222,995.77
1827	1,353,477.64	+ 257,619.16	81,381.90	100,000	232,343.21

<sup>a</sup> Data for years 1801-50 taken from Report N. Y. State Supt. of Public Instruction, 1851, p. 38; *ibid.*, 1895, p. 28, gives principal for years 1805-95; data for 1905 taken from Controller's Reports, 1905-06.

<sup>k</sup> The superintendents in reporting data contained in this column did not follow a uniform principle: in the earlier reports, 1806-37, the increase or decrease is the increase or decrease during the year, opposite which it stands. In the later (1840-45) reports it is the increase or decrease over the previous year. Increase stated for 1838 and 1839 appears to be incorrect.

TABLE XLVI—*continued*

<i>Year</i>	<i>Principal</i> <sup>a</sup>	<i>Annual In- crease (+) or Decrease (—) of Capital</i>	<i>Annual In- come or In- terest</i>	<i>Annual Appro- priation from State Treasury</i>	<i>Amount Received by Dis- tricts</i>
1828	\$1,611,096.80	+ \$73,532.00	\$ 89,034.96	\$100,000	\$214,840.14
1829	1,684,628.80	+ 35,662.42	94,626.25	100,000	238,611.36
1830	1,661,081.24	— 23,547.56	100,678.60	100,000	244,998.85
1831	1,696,743.66	+ 7,415.74	80,013.86	100,000	305,582.74
1832	1,704,159.40	+ 31,015.88	93,755.31	100,080	307,733.08
1833	1,735,175.28	+ 18,871.56	109,117.77	100,080	316,153.98
1834	1,475,046.84	+ 36,498.46	104,390.78	100,080	312,181.20
1835	1,791,321.77	+ 83,869.94	131,006.40	100,000	313,376.90
1836	1,875,191.71	+ 42,302.46	118,486.67	100,000	335,895.10
1837	1,917,491.17	+ 2,153.51	94,349.93	110,000	335,882.92
1838	1,919,644.68	+ 10,059.83	102,991.09	113,793	374,411.61
1839	1,932,421.99	+ 2,714.48	117,472.27	275,000 <sup>g</sup>	633,685.94
1840	2,033,807.95	+ 101,385.96	103,400.65	* 275,000 <sup>g</sup>	658,951.70
1841	2,036,625.68	+ 2,817.73	96,073.85	* 285,080	676,086.07
1842	1,968,290.72	— 68,334.96	90,092.46	* 275,080	660,727.41
1843	1,975,093.15	+ 6,802.43	107,370.62	* 265,080	639,606.60
1844	1,992,916.35	+ 17,823.20	133,826.51	* 275,080	725,066.19
1845	2,090,632.41	+ 97,716.41	113,458.87	* 275,080	772,578.02
1850	2,290,673.23	+ 47,109.87	137,524.07	* 285,000	
1855	2,457,520.86 <sup>b</sup>	+ 32,308.89 <sup>c</sup>	143,127.73 <sup>c</sup>	* 310,000 <sup>h</sup>	
1860	2,607,036.68 <sup>b</sup>	+ 20,785.52		310,000 <sup>h</sup>	
1865	2,765,760.77 <sup>b</sup>		186,462.20 <sup>d</sup>	310,000 <sup>h</sup>	
1875	3,080,107.68		179,264.66 <sup>e</sup>	335,000 <sup>e</sup>	
1885	3,880,157.39 <sup>f</sup>		189,621.22	245,000 <sup>f</sup>	
1895	4,423,140.77		181,579.27	245,000 <sup>f</sup>	
1905	4,673,140.77		169,889.06		

<sup>a</sup> Data for years 1801–50 taken from Report N. Y. State Supt. of Public Instruction 1851, p. 38; *ibid.*, 1895, p. 28, gives principal for years 1805–95; data for 1905 taken from Controller's Reports, 1905–06.

<sup>b</sup> Report N. Y. State Supt. of Public Instruction, 1869, p. 101.

<sup>c</sup> *Ibid.*, 1856, p. 109.

<sup>d</sup> *Ibid.*, 1866, p. 14.

<sup>e</sup> *Ibid.*, 1876, p. 26.

<sup>f</sup> *Ibid.*, 1886, p. 101.

<sup>g</sup> \$110,000 from revenue of Common School Fund; \$165,000 from revenue of U. S. Deposit Fund.

<sup>h</sup> \$145,000 from revenue of Common School Fund; \$165,000 from revenue of U. S. Deposit Fund.

<sup>i</sup> \$170,000 from revenue of Common School Fund; \$75,000 from revenue of U. S. Deposit Fund.

\* Including, after 1838, \$165,000 from Revenue of U. S. Deposit Fund.

TABLE XLVII. NEW YORK COMMON SCHOOL FUND, SHOWING (1) TOTAL COST OF PUBLIC EDUCATION. (2) VARIOUS SOURCES AND AMOUNTS CONTRIBUTED BY THEM. (3) TEACHERS' WAGES

Total Cost <sup>1</sup> Public Ed. Contributed <sup>1</sup> by C. S. F. and U. S.	1831 \$1,126,482 <sup>3</sup>	1839 \$1,924,333 <sup>4</sup>	1845	1855 \$3,544,587	1865 \$5,735,400	1875 \$11,459,353	1885 \$13,406,367	1895 \$20,950,614	1900 \$33,421,491
Sur. Rev. Fund <sup>a</sup> Rate Bills	100,000	275,000	\$275,000	310,000	310,000	335,000	245,000	245,000	245,000
Local Funds (Gospel and School Funds)	358,320	488,479	460,764	461,779	655,158 <sup>17</sup>	Rate Bills Abolished, 1867.	245,000		
Local Vol- untary Tax	17,108 <sup>3</sup>	19,725 <sup>5</sup>	20,207 <sup>7</sup>	19,763	18,831	36,779	28,999	30,312	34,149
State Tax prior to 1856	12, 2 At least equal to amount received from Public Revenue	55,981 <sup>14</sup> (1838)	30,858 <sup>15</sup>	776,540 <sup>16</sup>	3,501,070	8,327,767 <sup>18</sup>	9,792,549 <sup>13</sup>	13,865,889	22,566,408
State Tax Rate	First State School Tax levied in 1851, Abol- ished 1901.			.00075 (1857)	.00125 (1867)		.00097 (1889)	.00093 (1896)	.00076
Amount Re- quired <sup>11</sup>	100,000	275,000	275,000	800,000	1,163,159	2,959,725	3,094,731	4,034,557	4,310,843
Total Amount Paid for Teachers' Wages	663,902	1,011,873	2,206,147	3,976,093	7,849,667	8,762,950	12,908,834	19,218,892	
Average Wage per Month, per Week	8.4 <sup>2</sup> 2.10	12 3	10 <sup>6</sup> 2.50	31 <sup>8</sup> 5.46	50.78 <sup>9</sup> 11.72	48.57 <sup>9</sup> 11.21	53 <sup>9</sup> 13.74		17.28

Abbreviations used:—Rept., used for Rept., N. Y. State Supt. Public Instrn. Randall, used for Randall, S. S. Hist. of the Common Sch. System of the State of New York.

<sup>a</sup> Income of U. S. Rev. Fund included after 1838, see Table XLVI.

<sup>1</sup> All amounts given in dollars except Teachers' Wages, which are given in dollars and cents.

<sup>2</sup> Amount unknown.

<sup>3</sup> Rept., 1846, p. 17, reckoned from data given.

<sup>4</sup> Rept., 1846, p. 17, reckoned from data given.

<sup>5</sup> Average Annual City Salary \$563.70 } Average of them =  $\frac{316.52}{10 \text{ months}} = \$31.65$ . Rept., 1866, p. 13.

<sup>6</sup> Estimated by taking average annual salary and dividing by nine, the number of months in a school year; perhaps the division should be by ten; if so, the average monthly salary would be: 1865, \$36.65; 1875, \$41; 1885, \$40; 1895, \$48.

<sup>7</sup> State Tax is levied by State, on every county, in proportion, to its valuation; not a voluntary tax.

<sup>8</sup> Local Tax. Voluntarily raised by Towns and districts to support schools.

<sup>9</sup> Exclusive of everything except amount raised for teachers' wages; adding estimates for fuel and repairs would make total, \$207,876.

<sup>10</sup> Same as 14, Rept., 1857, p. 27. Rept., 1840, p. 5.

<sup>11</sup> Tuition, same as 14; Rept., 1857, p. 11, made up as follows; \$730,674, amount raised for tuition, where rate bills are dispensed with, in City, Village and Union Free Schools; \$45,866, amount raised for rate bills for indigent persons.

<sup>12</sup> Rept., 1846, p. 17, reckoned from data given.

<sup>13</sup> Rept., 1846, p. 20.

<sup>14</sup> Rept., 1871, p. 110.

<sup>15</sup> For year 1838, Rept., 1839, p. 108.

<sup>16</sup> Rept., 1846, p. 20.

<sup>17</sup> Rept., 1866, p. 13.

<sup>18</sup> Rept., 1876, p. 81.





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## INDEX

- Academies, early prevalence, Mass., 5; land grants for, Ga., 248; Texas, 401; supported by permanent funds, N. Y., 351, 354; Penn., 384; Wis., 433; *see also* Private schools
- Accounts, permanent, 7; *see also* Credit funds; Debts
- Act of 1841, *see* Internal improvement under Lands
- Acts quoted
- Connecticut School Fund Acts, 1793, 1795, 231-234
  - Georgia County Land Grant Act, 36
  - Kentucky: "Act . . . for the burning . . . state bonds," 152-153
  - Massachusetts School Fund Acts, creation, 302; management, 309; apportionment, 309-310
  - New Mexico Land Grant Act, 347
  - New York Common School Fund Act, 353
  - Ohio Common School Fund Act, 1838, 375
  - Pennsylvania Common School Fund Act of 1786, 384; Act of 1831, 385
  - Tennessee Permanent School Fund Act, 396
  - Vermont Permanent Public School Fund Act, 1906, 416-419; *see also* Constitutions; Ordinances
- Administration, centralization of, 118
- Admission of States, Table XVI, 98-99
- Age, school, *see* Apportionment
- Agricultural College lands, Nev., 336
- Agricultural fund, balance increases permanent funds, N. C., 362
- Aims of school funds, 165, 168, 171, 180, 189-190
- Alabama
- funds for schools:
    - Educational Fund, 207, 210
    - Permanent School Funds, 100, 109-110, 132, 153, 158, 207-212
    - Public School Fund, 207
    - School Fund, 207
    - Surplus Revenue Loan, 72, 74, 158, 207, 208, 209, 210, 211
  - interest, unpaid, on notes, 143
  - lands for schools, swamp lands, 63-64; titles in dispute, 132; section sixteen, 207, 208, 209, 211
  - notes unpaid, 143
- Alaska, no school fund, 10; appropriations, federal, 24, 25, 213
- Animal tax, devoted to public schools, Ga., 247
- Apparatus, a lawful expenditure, Ore., 382; Va., 422; Wis., 433
- Apportionment of permanent school funds, 180-185; Table, 186-188; aims, 190; better methods needed, 202-203; in Ala., 212; Ark., 220; Cal., 224, 225; Col., 227; Conn., 228, 233, 236; Del., 241; Fla., 245; Idaho, 252; Ill., 257; Ind., 266; Iowa, 270; Kan., 274; Ky., 277; La., 282; Me., 292, 295; Md., 297; Mass., 302, 304, 309-310; Mich., 315; Minn., 126-127, 320; Mo., 324; Miss., 326, 327; Mont., 330; Neb., 333; Nev., 337; N. H., 338; N. J., 342, 344-345; N. Y., 356, 358-359; N. Dak., 366; Ohio, 368, 375, 377; Ore., 382; Penn., 386; R. I., 388; S. Dak., 392; Tenn., 399; Tex., 405; Vt., 412, 418, 419; Va., 421; Wash., 425; W. Va., 428; Wis., 433; Wyo., 436
- Appropriations, federal, Alaska, 24, 213; D. C., 25, 80; Indian Ter., 56, 80, 259; Okla., 378; state, Ala., 210; Del., 240; Fla., 243; Ga., 90, 248; La., 24, 282; Me., 295; Mass., 90, 305, 306, 309, Table XLV, 452; Mo., 323; Mont., 330; N. Y., 24, 351; R. I., 90; Texas, 405; town, 24
- Architectural requirements, N. J., 346
- Area, as apportionment basis, Miss., 327
- Area of land grants: sections sixteen and thirty-six, 57-58; internal improvement, saline, swamp lands, 66; state, 85
- Area of unsold school lands, Table VII, 20-21
- Arizona
- funds: County School Fund, 215;

- Permanent Common School Fund, 214, n.\*; Territorial School Fund, 215
- lands for schools: denuded, 141; area, 214; rent, 214; sale, 214 and n.\*
- school receipts, 1905, 214
- school tax, territorial, 30, 31, 215
- Arkansas
- funds for schools, 100; Common School Fund, 158, 216, 217, 218; Per Centum Fund, 146, 219; Permanent School Fund, 145, 146, 216-220; *see also* Credit funds, 8; Saline Fund, 147, 218; Seminary Fund, 147, 218; Sixteenth Section Fund: merged, 112, 218; Surplus Revenue Loan Fund, 74, 100, 158, 217, 218
- lands for schools: internal improvement lands, 219; salt lands, 219; section sixteen, 216-217, 218; swamp lands, 62-63, 219
- rate bills: 3; 27
- Ashe, W. W., forester, N. Ca., letter quoted, 361-362
- Assessed valuation, as apportionment basis: Mass., 309-310; N. Y., 358, 359
- Attendance as apportionment basis: minimum, Fla., 178, 246; Neb., 334; advantages, 181-183; states employing, Table, 186-188; attendance increased by influence of permanent school funds, 183
- Attorney-General, relation to school funds, in Kan., 273; Mont., 330; Neb., 333; N. J., 344; N. Dak., 366; Va., 421; Wis., 433
- Auction fees devoted to school funds, N. C., 86; R. I., 388
- Auction of Louisiana Free School Fund, 150-151, 281
- Auditor, County, relation to school funds, Ind., 266
- Auditor, state, relation to school funds, Ark., 219; Iowa, 269-270; Ky., 275, 277; Minn., 319; W. Va., 428
- Back Bay lands, Mass., 304-305, 307, 308, Table XLV, 452
- Balances, added to principal, Me., 291, 295; Mass., 91-92, 304, 309, 452; N. H., 338; N. Dak., 366; R. I., 91-92; W. Va., 427
- Balances, reapportioned, Cal., 225; N. J., 345
- Baltimore & Wash. R. R., income devoted to schools, 297
- Bank failures involving school funds: Ala., 144, 208, 209; Miss., 144, 327; N. C., 144, 363; Tenn., 144, 398-399; Wyo., 144, 435
- Bank moneys devoted to school funds: revenue, Ohio, 375; stock, Ind., Ky., N. C., N. J., Tenn., Vt., 88; Ga., 247-248; Ky., 275, 276; Miss., 326; N. J., 343; N. C., 362; Tenn., 397; Vt., 409
- Bank taxes, a source of school revenue: Ind., 31, 70, 89, 101, 262, 263; Me., 31, 287-288, 293, 294, 447, 448; Md., 89, 296; N. H., 340; Vt., 89, 409; *see also* United States Bank Tax
- Banks capitalized with school funds, Ark., 217; Ind., 263; Tenn., 144
- Bartlett, Robert, bequest, 34
- Beers, Seth P., Commissioner of Connecticut School Fund, 235
- Bequests for endowing schools: Simms, 33; Peasley, 34; Mason, 34; Hopkins, 34; Bartlett, 34
- Bequests, increase permanent school funds: La., 282; Mont., 330; Nev., 336; Ore., 381; Vt., 416; Wash., 424; W. Va., 427; *see also* Devises; Gifts
- Bequests to board of education, Ga., 247
- Blind school aided by swamp lands, Minn., 318
- Board of Commissioners, School and University Lands: Ark., 219; Kan., 273; Ore., 382; Wis., 433
- Board of County Supervisors, Miss., 327
- Board of Education, State: manages school funds, 120-121; Fla., 113, 245; Mo., 324; Texas, 405; Va., 421; supported by permanent school fund, Va., 422
- Board of Educational Lands and Funds, Neb., 333
- Board of Investment, Minn., 319
- Board of Land Commissioners, State, 120; Mont., 330; Utah, 407; Wash., 424
- Board of School Land Commissioners, Wyo., 120, 435
- Board of University and School Lands, N. Dak., 366
- Board, teachers', *see* Teachers' board
- Boards managing school funds, composition, 120-121
- Bonds, as securities: county, Ark., 216; Cal., 222; Mont., 329; Neb., 332; S. Dak., 391; Tex., 400; W. Va., 426; Wyo., 434; foreign, Minn., 316;

- district, Id., 251; N. Dak., 365; Ore., 380; Utah, 406; W. Va., 426; Wis., 429; Wyo., 434; state, Ark., 216; Cal., 222; Del., 238; Fla., 243; Idaho, 251; Ky., 276; Md., 296; Minn., 316; Mont., 329; Neb., 332; Nev., 335; S. Dak., 391; Tex., 400; Vt., 415; Va., 420; town, Mass., 299; S. Dak., 391; Vt., 415; United States, Fla., 243; Neb., 332; Nev., 335; Vt., 415; irredeemable, Nev., 335; municipal, Cal., 222; Mass., 299; Minn., 316; Mont., 329; S. Dak., 391; Utah, 406; Vt., 415; Va., 426; railroad, Mass., 299, 305; school district, Mont., 329; S. Dak., 391; Tex., 400; Utah, 406; Vt., 415; W. Va., 426; Wyo., 434.
- Bonds, fraudulent, N. C., 151-152
- Bonds, payment of, Ark., 216; Ky., 275; *see also* Bonds, irredeemable
- Bonds' profit, increase permanent school funds, Minn., 319
- Bonds required of school officers, Ill., 258; Ind., 267; Ore., 382
- Bonds, state, given for school fund: Ark., 216; Cal., 222; Iowa, 268; La., 279
- Books, free text; 174, Table XXI; Del., 241; Me., 179, 292; Md., 298; Mass., 310; Mont., 331; Va., 422
- Books, library, *see* Library books
- Boone, R. G., referred to, iii, 239
- Boston, school lands reserved, 34
- Boston Society of Natural History aided with School Fund, 307
- Bourne, E. G., cited, 73, 74-78, 297, 375
- Bridge revenues devoted to school funds: Nev., 336; Ohio, 375
- Broadhead, Colonel, 42
- Building tax: Me., 30; Minn., 30
- Buildings, school, erected with permanent school fund income, 174, 198-199; Miss., 328; N. C., 362, 364; Wis., 429
- California  
funds for schools, 8, 100; per centum grant, 69, 223; Perpetual School Fund, 221; State School Fund, 7, 8, 55, 61, 131, 147, 221, 225; constitutional provisions, 222-223
- lands for schools: internal improvement, 61; rents of, reserved, 91; sections sixteen and thirty-six, 55, 61, 113, 118, 158, 221; unsold, 221; value unequal, 117-118
- California, superintendent of schools, office created, 197; township management, losses, 131
- Cambridge land grant, 35
- Canal lands, Ohio, 370
- Cape money, 31
- Capital, original, of common school funds, 106; *see also* Origin
- Care of school funds, N. Y., 349
- Care of school lands, 124-128, 140; *see also* Constitutional provisions
- Census, as apportionment basis: school, 180-182; Ala., 211, 212; Ark., 220; Cal., 227; Conn., 236; Id., 252; Ill., 257; Ind., 266; Ia., 270; Kan., 274; Ky., 277; La., 282; Me., 291; 292, 295; Md., 297; Mich., 315; Mo., 324; Mont., 330; Neb., 333; Nev., 337; Ohio, 379; Ore., 382; R. I., 388; S. Dak., 392; Tex., 405; Utah, 407; Va., 421; W. Va., 428; Wis., 433; Wyo., 436
- total, 180, 184; N. Y., 359
- Census, required, *see* Returns
- Census, school, tables: Conn., 1825-1895, Table XXVIII, 440; Me., 1851-1902, Table XLII, 448; Mass., 1837-1905, Table XLIV, 451
- Certification, *see* Teachers must be certified
- Cessions of western lands, *see* Land cession by states; Northwest Territory
- Charitable institutions supported by swamp land fund, Minn., 316, 318
- Charity schools, D. C., 32, 242; *see also* Poor School Fund under Funds
- Charles II, 40, 229
- Charlestown, colonial grant, 35
- Church Lands, *see* Funds, ministerial, under Fund
- Civil War, disastrous effects upon school funds, 144, 150-153; Fla., 244; Ga., 250; Ky., 276-277; La., 281; Mass., 307; Mo., 151; N. Car., 363; Tenn., 399; Va., 420; Wis., 429, 432
- Classification of permanent common school funds, 6
- Coahuila, Mexican state of, 401
- Colonial records quoted: Hartford, 25; New Haven, 26, 29; Weathersfield, 28
- Colonial school, endowments and sources of support, 24-35
- Colorado  
Public School Fund, 22, 154-155, 158, 226-227
- sixteenth and thirty-sixth section school lands, 117-118, 226, 227



- Colored school moneys, Del., 240, 241
- Commission on Permanent Common School Fund, Vt., 413
- Commissioners for managing school funds and lands, 119, 120; Ark., 219; Conn., 235; Kan., 273; Mass., 308-309; Minn., 319; Mont., 330; Neb., 333; N. Y., 121, 358; Ore., 382; Wash., 424; Wis., 433; Wyo., 435; *see also* Board of Commissioners; management, state
- Common School Acts, Mo., 321; *see also* Acts quoted
- Composition of school funds, *see* Increase, sources; Origin
- Comptroller, *see* Controller
- Compulsory education, principles, 3; penalty for not enforcing, N. Y., 179, 360; *see also* Free schools; Taxation, compulsory
- Condition of permanent school funds: often unknown, 7-10, table showing, 20-21; *see also* Credit funds; Debts
- Condition of permanent school funds: 1902, Mo., 321; N. J., 342
- 1902 and 1904, Kan., 271; Utah, 406
- 1903, Idaho, 251; Miss., 325, 326; Mich., 312, 313
- 1904, Wis., 429
- 1905, Ala., 207; Ark., 216; Conn., 228-229, 237; Fla., 243; Ga., 247; Ill., 254-255; 256-257; Ind., 260; Iowa, 268; Ky., 275; La., 279, 281; Me., 283, 285-286, 289; Mass., 299; Mont., 329; Neb., 332; N. H., 338, 341; N. J., 342; N. M., 347, 348 foot-note; N. Y., 349; N. Dak., 365; Ohio, 368; Okla., 378; Penn., 383; R. I., 387; Tenn., 394; Tex., 400; Va., 420; W. Va., 426
- 1905-1906, Ariz., 214; Del., 238
- 1906, Cal., 221-222, 223; Col., 226; Md., 296; Nev., 335; N. J., 342; N. C., 361-362; Ore., 380; S. C., 389; S. Dak., 391; Vt., 408-409; Wash., 423-424; Wyo., 434
- 1908, Minn., 316
- Confiscations devoted to permanent school funds, Miss., 326; Va., 86, 420
- Congressional acts quoted
- Internal improvement land grant, 1841, 60-61; Percentum grant, N. M., 347; Section sixteen grant, Mich., 112; Ohio, 51; lands in lieu of, 53; sections sixteen and thirty-six, Ore., 54; Swamp land grant, 62-63; Tenn. grant, 395-396; United States Surplus Revenue Act, 1836, 71; *see also* Enabling Acts; Ordinances; Resolutions
- Congressional grants, *see* Federal lands: Grants
- Connecticut
- appropriations, colonial, 24; census, school, 1825-1895, Table, 440; charter, 40, 229; Code of 1650, 29; Code of 1700, 30, 167; expenditures, total, for public education, 1855-1895, 439; free schools, 166-167, 168; *see also* Codes of 1650 and 1700 under Connecticut
- funds for schools
- classified, 100-106; colonial funds, 34-36; School Fund, 5, 6, 28, 82, 122, 142, 158, 165-168, 171, 175, 176, 180, 191, 198, 228-237, 301, 437-438; Town Deposit Fund, or Surplus Revenue Fund, 73, 74, 100, 131, 158, 237, 439; town school funds, 34, 35-36; income, 1855-1895, 439
- funds for the ministry, 35-36, 231; gifts, 439; land claims, 40, 42, 43
- lands for ministry, 35-36, 231
- lands for schools, controversy, 35; origin, area, sale, 35, 229-231; *see also* Bequests; Funds; Land claims; Western Reserve
- Pennsylvania Land Case, 230
- rate bills, 3, 25-26, 1856-1868, 28; abolished, 27
- school receipts, total, 1856-1868, Table IX, 28
- school returns, 175
- school society, 232, 233, 234
- school support, colonial, 23, 28, 29, 30; compulsory, 29, 30; sources, 1825-1895, 439, 440
- Supt. of Common Schools, office created, 197
- survey system, colonial, 35, 36
- taxes for schools, cease, 228; colonial, 29-30; District Tax, 1856-1868, Table IX, 28; tea tax, 31; license taxes, 31; liquor tax, 32
- teachers, qualification of, 191
- teachers' wages, 1847-1907, Table XXIV, 192-193; 1868-1900, total expenditure for, average, Table XXIX, 440
- Western Reserve or New Conn., 43; sale, area, 82, 85; boundaries,

- origin, management, sale, proceeds, basis of School Fund, 229-234; survey and land reservations, 369-372
- Constitutional provisions concerning permanent common schools funds and lands, 124-128; Ala., 209; Ark., 217; Cal., 222-223; Col., 226-227; Fla., 244; Id., 252; Ill., 255; Ind., 261; Ia., 269; Kan., 67, 127, 272; Ky., 276; La., 279, 280, 281; Mich., 125, 312, 313; Minn., 126, 127, 317, 318; Mont., 330; Neb., 127, 332, 333; Nev., 335, 336, 337; N. Y., 353-354, 355; N. Dak., 128, 366; Ohio, 372; Ore., 126; S. C., 389-390; S. Dak., 128, 392; Tenn., 397; Tex., 402-403; Utah, 407; Wash., 128, 424; W. Va., 426-427; Wis., 430, 433; Wyo., 435
- Constitutions quoted: Ala., 209; Col., 226-227; Ga., 1783, 36; Kans., 67; Mich., 125; Minn., 126-127; Nev., 337; N. Y., 354; Ore., 126; S. C., 389-390; Tex., 1845, 402
- Controller, relation to permanent school funds: accountant, Cal., 223; apportions income, Conn., 236; Md., 297; Tenn., 399; to management, 120; N. J., 344; N. Y., 358; Tex., 405
- Conveyance, *see* Transportation
- Convicts, hire, devoted to schools, Ga., 247, 248
- Corporation moneys: charter fees devoted to permanent school funds: Kan., 273; shares or dividends, Id., 152; Utah, 407; *see also* Bank moneys; Bonds
- Corporation taxes: devoted to permanent funds, Ind., 264; W. Va., 427; unpaid, Ind., 147-148, 264-265; *see also* Bank taxes
- County Auditor: distributes school revenue, Ind., 266; Ia., 270; loans school funds, Ind., 266
- County boards of supervisors, 115, 269-270, 327, 328
- County Superintendent: apportions school moneys, Kan., 274; N. J., 345; estimates census, Cal., 224; fined, 252; manages funds, 111, 257; salary paid from permanent school funds, N. J., 345
- Course of study influenced by permanent school funds, 177; Me., Mich., N. Y., 179, 292; Wash., 425
- Creation of permanent common school funds, 93, 95, 97, 98-106; *see also* Origin
- Credit funds: defined and classified, 6-7; reported intact, 7; significance, 155-157, 202; States possessing: Ala., 208; Ark., 216; Cal., 7, 222; Conn., 237; Del., 8; La., 7, 154, 279, 281; Me., 7, 283; Mich., 7, 312-313; Miss., 325; Neb., 332; Nev., 336-337; N. H., 338, 340; N. J., 344; Ohio, 7, 368; Tenn., 7, 394; Vt., 408, 409, 414; Wis., 431; Tables: Table I, 8; Table VII, 20-21; Table XX, 158-159; *see also* Accounts; Debts
- Cubberley, E. P., referred to, 180, 202
- Cutler, Manasseh; urges school land grant, 45, 46, 47, 50
- Data, school, difficulty of securing, iii, iv, 6; unascertainable, 164
- Deaf school aided by swamp lands, Minnesota, 318
- Deaf, teachers for, California, 224
- Debts, states', to permanent school funds: Cal., 147; Col., 227; Fla., 147, 150; Id., 251; Ill., 255; Kan., 273; Minn., 318; Miss., 325; Neb., 332; Nev., 336; N. H., 338, 340; N. Dak., 365; R. I., 153, 388; Tenn., 394, 399; Tex., 400; Vt., 413, 414; Wash., 423; Wis., 429, 431; prohibited by constitution, W. Va., 156, 426; repudiated, Col., 155, 227; N. C., 151-152; Vt., 154, 410; *see also* Credit funds
- Defalcation of school fund officers: Mo., 133; N. Y., 358; Tenn., 145, 398; Wis., 430
- Delaware
- license moneys: marriage, tavern, et al., 86, 238, 239
- Public School Fund, 8, 238-241
- rate bills, 27
- sanitary requirements, 198, 241
- Surplus Revenue Loan Fund, 72, 75, 239
- Denominational schools, *see* Religious and sectarian schools
- Devises devoted to permanent school funds: Ark., 219; Col., 227; Ky., 277; Mo., 323, 324; Ohio, 374; Ore., 381; W. Va., 427
- Devises to State Board of Education, Ga., 247
- Dexter, E. G., referred to, iii

- Direct tax, 88, 89; devoted to permanent school funds, Mass., 305; S. C., 390
- Dishonesty of land commissioners, Ind., 265; *see also* Defalcations; Embezzlement
- District Board of Directors, Mo., 324
- District bonds, *see under* Bonds
- District of Columbia: no permanent school fund, 10; federal appropriations for schools, 25, 80; lotteries, 32-33, 242; school fund, 242; school lots, 242
- District quota, New York, 358-359
- District tax: Conn., 1856-1868, Table, 28; Ia., 268; Mo., 324; Wis., 433
- District trustees: Mont., 331
- Diversion of funds: Ala., 153; Ky., 153-154, 275, 276; La., 281; Mass., 307-308; N. H., 341; Penn., 384, 386
- Diversion of moneys reserved for principal: Mo., 323; Va., 421; Wis., 430, 431, 432
- Diversion of principal: Ark., 146, 147, 217, 218; Fla., 147; Ind., 147; Kan., 148; Va., 148; Wis., 148-149
- Division of school moneys, 147-149; Ala., 210; Ga., 4, 250; *see also* Loss
- Division superintendents paid from common school funds, Va., 422
- Documents quoted, *see* Acts; Colonial records; Congressional acts; Constitutions; Enabling Acts; Ordinances; Resolutions
- Dohmre's grant, Ohio, 370
- Donations to permanent school funds: Fla., 245; Mont., 330; Ohio, 374; S. Dak., 392; Va., 421; Wash., 424; *see also* Gifts
- Dorchester: school lands reserved, 34
- Draper, Lyman C., on loss of school lands, Wis., 141
- "Eastern" lands in Maine and Massachusetts, 284
- Education, State Department, expenses paid from school fund, Ky., 277; Mass., 304 and n.\*
- Effects, *see* Influence,
- Embezzlement, 145, 146; Neb., 333; *see also* Defalcation
- Enabling Acts: quoted, Ohio, 51; Ore., 54; provisions of, 93; Mont., 329; Ohio, 369; Utah, 407; inequity of land grants, 371; modified, 372
- Endowments, *see* Funds
- England, land claims, 40
- Escheats devoted to permanent common school funds, 86-87; Ark., 219; Col., 227; Fla., 245; Id., 252; Ia., 269; La., 280, 282; Mich., 315; Miss., 326; Mo., 323; Mont., 330; Neb., 333; Nev., 336; Ore., 381; S. C., 390; S. Dak., 392; Tenn., 397, 399; Utah, 407; Va., 420, 421; Wash., 424; W. Va., 427; Wyo., 435; *see also* Intestate estates; lost, Ind., 264; reserved but not added, Va., 421
- Establishment of school funds, steps, 93; *see also* Creation; Evolution
- Estrays, Ark., 219; Ind., 264; Mo., 323
- Evolution of permanent common school funds, 33-37, 93-97; *see also* Increase, sources of
- Examiners, State, paid from permanent school funds, Va., 422
- Excise moneys, *see under* Liquor
- Expenditures, lawful, *see* Uses, lawful
- Expenditures, total, for public schools; Conn., 1855-1895, 439; Fla., 1870-1905, 441; Me., 1851-1902, Table XLII, 448; Mass., 1835-1905, Table XLIV, 450; N. Y., 1831-1900, Table XLVII, 455
- Fairfield, town school grant, 35
- Farm loans, *see* Mortgages
- Federal aid to schools, 39-80, 100-106, 203
- Federal appropriations, *see* Appropriations; Federal money grants
- Federal lands: grants, 43-66, 100-106; not taxed, 127; *see also* Congressional acts quoted, and *under* Lands, Internal improvement lands; Salt lands; Section sixteen; Sections sixteen and thirty-six; Swamp lands
- Federal money grants, 67-80, 100-106; *see also* Appropriations, federal
- Fertilizers, inspection fees, 247-248
- Fines: used for current school revenue, Ariz., 214; diverted, Va., 148, 421; Wis., 148-149, 432-433; increase of school funds: Ind., 87-88, 262-264; Table, 1868-1906, 443; Mo., 322, 323; Miss., 326; Mont., 330; Nev., 336; Ore., 381; Va., 420-421; Wash., 424; Wis., 88, 430
- Fire losses, Ark., 145, 219; Mo., 145
- Fish licenses, 31
- Fitchburg R. R. Securities Loan, 306, 307
- Florida, expenditures, total, for public schools, 1870-1905, 441; free schools, indifference to, 4, 162, 163, 164
- funds for schools: County School

- Fund, 245; Seminary Fund, 150;  
Sixteenth Section Fund, 4, 244;  
State School Fund, 63, 112-113,  
114, 152, 158, 163, 182, 199, 243-  
246; Table, 1870-1905, 441
- lands for schools: management, town-  
ship changed to state, 112; sale of,  
4, 244, 245; sixteenth section  
lands, 150, 243-245; swamp lands,  
63; private schools, support, 163;  
rate bills, 27; rents of school lands,  
243; school returns, unascertain-  
able, 164
- Supt. of Schools, office created,  
197; taxes: mill, 245; poll, 245;  
town funds, *see* Sixteenth Section  
Fund
- Forest lands, wasted and denuded,  
140-141; Wis., 430, 431, 432
- Forfeiture of permanent school fund  
income: Conn., 233; Fla., 245; Ind.,  
267; Mass., 91-92; N. J., 345; N. Y.,  
360; Rd. Is., 91-92, 388; Vt., 415,  
416, 418; Wash., 425
- Forfeitures devoted to permanent  
school funds, 86-88; Mass., 309,  
Table XLV, 452; Tenn., 399; Utah,  
407; Wash., 424; Wis., 430; Wyo.,  
435
- Forged mortgages, New York, 358
- France, land claims of, 40
- Fraudulent bonds, Kan., 273; N. C.,  
special tax, 363
- Free school acts, *see* Acts quoted
- Free schools, states maintaining, 3;  
established: Ark., 217; Conn., 300;  
Ga., 4, 248; Ky., 278; Me., 284, 288;  
Mass., 300; Mo., 321; N. Y., 300;  
Penn., 383-385; S. C., 390; Tex.,  
403; fostered by influence of per-  
manent common school funds, 5,  
33-36, 168, 179, 190-201, 248; hos-  
tility and indifference to, 3, 4, 5,  
26, 160-165; Fla., 162, 163, 164;  
Ga., 162, 248, 249; Ind., 161, 162,  
163, 199; Miss., 162; N. H., 341;  
Tenn., 162, 163; Va., 162; *see also*  
Rate bills; Returns
- Fuel, 174, 198, 293, 310, 328
- Funds  
fund defined, 7, 8, 9, 221, 238, 254,  
275, 283  
Academy, Ga., 249  
Agricultural, N. C., 362  
Bank Tax, Ind., 262, 263  
Bounty, Mass., 307  
Chickasaw, Miss., 325-328
- Chocktaw, of Miss., 325-328
- Common Free School, Md., 296-  
298
- Common School, *current revenue*:  
Ark., 216; Ga., 247; Kan., 9;  
Neb., 9; Ohio, 368
- Common School, *Permanent En-  
dowments*, varied use of term,  
7, 9, 247; Ark., 216, 217, 218;  
Fla., 243, 244; Ga., 247; Ind.,  
260, 261, 266-267; Ky., 276;  
Miss., 64; N. H., 338, 340-341;  
N. Y., 349, 352-355, 356-360;  
Ohio, 9, 368; Ore., 380-382; Penn.,  
383-386; Tenn., 9, 11, 144, 151,  
163; Vt., 409, 410; Wash., 423-  
425; Wis., 432
- Common School Permanent, Wyo.,  
434-436
- Congressional Township, Ind., 260-  
267
- County School, Ariz., 215; Ark.,  
218; Fla., 245; Ill., 100, 254-258;  
Minn., 30; Mo., 63, 102, 321,  
322, 323, 324; Tex., 400, 401,  
402, 405
- County Seminary, Ind., 101, 262
- Delinquent Tax, Ind., 102, 262, 265
- District, Mo., 321-324
- Educational, Ala., 207, 210
- Five per cent, 312-315
- Free School, Ga., 249; La., 279-  
282; Md., 296-298; N. Y., 359
- Huntington, Vt., 312, 411, 413, 415,  
417, 418
- Indemnity Land, 207
- Institute, N. H., 84, 103, 159, 338-  
341
- Irreducible, W. Va., 426
- Irreducible School, Wis., 429
- Literary, Ky., 102, 275-276; Mass.,  
301; Miss., 325, 327; N. H., 84,  
339, 340; N. Y., 228, 349, 350, 351,  
354, 357, 359; N. C., 88, 144, 151-  
152, 159, 198, 361-364; Va., 420-  
422
- local permanent, 5, 33-35; Conn.,  
Mass., N. H., Va., 30; Conn.,  
237, 439; Me., 283; N. Y., 455;  
*see also* District, Town and Town-  
ship Funds
- local private, 33, 34
- local public, 34-37
- Mass. School, 299-311
- Mill, Me., 291, 294-295
- ministerial, Conn., 35, 36, 166, 231,  
232, 233; Me., 284-285; Mass.,  
37; N. Y., 36, 37, 350; lands,



- granted by United States, Ohio, 46, 47, 48, 373
- New Jersey Permanent School, 342-346
- Per Centum Fund Act quoted, N. Mex., 347
- Per Centum, Ark., 219; Ill., 255; Ia., 269; Kan., 272; La., 272, 280, 282; Me., 290; Mont., 329; Neb., 333; N. Dak., 366; N. Mex., 347; Okla., 379; Ore., 381; S. Dak., 392; Wash., 424; Wis., 430; Wyo., 435; *see also* Grants
- Permanent Public School, Vt., 408-419
- Permanent School, Ark., 100, 216; Ia., 268-270; Ky., 102, 275-278; Me., 283-295; Minn., 316-320; Neb., 159, 332-334; N. J., 342-346; N. Dak., 365-369; Rd., Is., 387-388; S. C., 389-390; S. Dak., 391-393; Tenn., 394-399; Tex., 400-405
- Perpetual School, Cal., 100, 221-222; La., 280
- Poor School, D. C., Ga., Miss., Va., 162, 242, 249, 351
- Primary School, Mich., 312-315
- Primary School Interest, Mich., 315
- Public School, Ala., 207; Col., 100, 226-227; Del., 100, 238-241; Id., 100, 251-253; Mo., 321-324; Mont., 329-331
- Saline, Ark., 218; Ind., 101, 262-263; *see also* Salt land grant *under* Grants
- School, Ala., 207; Conn., 100, 228-237; Del., term defined, 238; Fla., 100, 243; Ill., 100, 158, 254-257; Mass., 82, 83, 84, 85, 91, 92, 159, 169, 173, 176, 228; W. Va., 426-428; Wis., 429-433
- School Fund proper, Ill., 254-258; Ind., 283; Me., 283
- School Indemnity Land, Ala., 207
- School Mill, Me., 291, 294-295
- School Trust, Wis., 429
- Seminary, Ark., 218; Ill., 255; Ind., 262; La., 281
- Seven Per cent, Mich., 312-315
- Sinking, Ind., 101, 262, 263; Ky., 153, 275; Fitchburg Railroad Securities Loan, Mass., 306, 307
- Sixteenth Section, Ala., 100, 207, 208, 210; Ark., 100, 218; Miss., 325; *see also* Section Sixteen *under* Lands, Township Fund *under* Funds
- Spanish War Claim, Vt., 79-80, 412-413, 416
- Special District, Mo., 324
- State Permanent School, Kan., 159, 271-274
- State School, Cal., 100, 221 ff.; Fla., 100, 243-246; Me., 283; Mont., 329-331; Nev., 62, 118, 335-337; N. J., 340; Utah, 406-407
- State School Land, Cal., 100, 221
- Surplus Revenue Fund income, N. Y., 1831-1900, Table XLVII, 455
- Surplus Revenue of 1837, or U. S. Surplus Revenue Loan, 70-78; act quoted, 71; states using for schools, 72-74; Ala., 207-211; Ark., 217, 218; Conn., 237, 439; Del., 239; Ga., 249; Ill., 254, 255, 256, 257; Ind., 262, 263; Ky., 276; La., 280, 281, 282; Me., 73, 76, 159, 289, n.\*; Md., 296-297; Mass., 308; Mo., 322; N. H., 339-340; N. J., 343-344; N. Y., 354-357, 359, 455; N. C., 363; Ohio, 374, 375; Penn., 386; R. I., 387-388; S. C., 72, 78; Tenn., 397-399; Vt., 408, 410-411, 413, 414, 415, 416, 418, 419; Va., 72-78
- Surplus Revenue or Town Deposit income, Conn., 1855-1895, 439
- Swamp Land, Ind., 102; Mich., 312-315; Minn., 63, 64, 102, 316-370
- Table XIII, showing for all states, amounts received, used for schools, lost, original use, present condition, 74-78; *see also* *under* Index for states
- Teachers', Ia., 268
- Territorial School, Ariz., 215
- Town, Colonial, 33-35; Me., 284-286; Mass., 308; N. Y., 350
- Town Deposit, Conn., 73, 74, 100, 131, 158, 237, 439
- Township, 96-97, Cal., 100, 222; Ill., 100, 254-258; Mo., 133-138, 159, 321-324; *see also* Congressional Township; Sixteenth Section; Town funds
- Tuition, N. Dak., defined, 365
- U. S. Deposit, of 1833, 69-70; of 1837, *see* Surplus Revenue Fund
- University or Seminary, Ark., 218; Ill., 255; N. H., 340; Okla., 379
- Valueless Sixteenth Section, Ala., 100, 207 ff.
- Furniture, tax for, Minn., 30; purchase of, 174; Col., 227; Miss., 328; Mont., 331; Va., 422



- Gambling moneys, 32, 87-88; Ariz., 214; Ind., 262
- Georgia  
 Constitution, 1783, quoted, 36  
 division of school moneys, 4  
 free schools, 4, 36, 248  
 funds: Academy Fund, 249; Common School Fund, 9, 247, 248; Free School Fund, 249, 250; Poor School Fund, 162, 249; School Fund, 150, 158, 162, 248-250; Surplus Revenue Fund, 73, 75, 158, 249  
 land claims asserted, 40; ceded, 209  
 land funds for schools, reserved, 4, 36, 82, 85, 248  
 Land Lottery Act, 82  
 receipts for common schools, 1836, 4; 1905, 248  
 revenue for common schools, sources of, 10, 247, 248
- Gifts to permanent school funds, 86-88; Ark., 219; Col., 227; Fla., 245; Id., 252; Ky., 277; La., 282; Mich., 315; Mo., 321, 323, 324; Nev., 336; N. C., 363; Ohio, 374; Ore., 381; S. C., 390; S. Dak., 392; Tenn., 87-88, 397, 399; Vt., 416
- Gifts to support schools, Conn., 168; Ga., 247; Me., 284; Mass., 300
- "Gospel and School Lot," New York, 36-37; *see also* Ministerial lands under Funds
- Governor, relation to school funds, 31; Mass., 308; Mich., 315; Minn., 319; Mont., 330; Neb., 333; N. H., 338; N. J., 344; N. Dak., 366; Ore., 382; R. I., 388; Tex., 405; Utah, 407; Vt., 415; Va., 421; W. Va., 428; Wyo., 435
- Grammar schools, endowed, 33-34, 35; decline, 167
- Grants, federal, *see* Congressional Acts, quoted; Federal lands; Federal money
- Grants, state moneys, 85-93; Table XVII, 100-106
- Grants, state, possible sources of increasing permanent school funds: Ark., 219; Col., 227; Id., 252; Ky., 277; La., 282; Mich., 112; Mo., 321, 323, 324; Mont., 330; Nev., 336; N. C., 363; Ohio, 374; S. C., 392; W. Va., 427; Wis., 430
- Grass sales' proceeds, Me., 91, 285, 290; Minn., 319
- Growth, *see* Increase
- Hadley, Conn., permanent school fund, 34
- Hartford, Conn.: colonial school appropriation, 1642, 24; rate bills, 1643, 25; colonial permanent school funds, 34, 35
- Henry VIII, endowment of schools under, 33
- Hillhouse, J. H., First Commissioner of Conn. School Fund, 122-123, 235, 236
- Hopkins Bequest, 34
- Huntington, Arunah, bequest to Vt., 411
- Idaho  
 grants, Five Per Centum, 68  
 lands, sections 16 and 36, 251, 252  
 Public School Fund, 251-253 and n.
- Ignorance concerning condition of school funds, Ill., 7-10, 130, 140
- Illinois  
 fines and forfeitures, 88  
 free schools, 26  
 funds for schools, importance of, 19; classified, 100, 254; Common School, defined, 254; County School, 110, 254, 255, 256, 257; School Fund Proper, 158, 254-258; Surplus Revenue, 73, 75, 159, 254, 255, 256; Township, 110, 254, 255, 257; University Per Centum, 255
- Grants, per centum, 68, 255
- lands for schools, county sales, 256, 257; owned by township, 111; military, 314; section 16, 255-256, 257; swamp, 63, 256-257
- receipts for common schools, 1905: total, 255; from permanent funds, 255
- Importance of permanent common school funds, 16, 19, 20; Ill., S. Dak., 19; Col., Me., Mass., Nev., Tex., Vt., Wyo., 22; N. Y., 349, 350; *see also* Condition of permanent school funds; Per cent of total common school revenue
- Income: Conn., sources, 1825-1895, Table, 439; per child, from all sources, 1825-1895, Table, 440
- Fla. State School Fund, 1870-1905, Table XXX, 441
- Ind. Common School and Congressional Township Funds, 1865-1906, Table, XXXV, 444
- Ind. permanent funds and taxation, 1866-1906, Table, 445
- Me. Permanent School Fund, 1851-1905, Table, 446; sources, total and per child, Table, 448

- Mass. School Fund and local tax, 1835-1905, Table XLIV, 450-451
- N. Y. Common School Fund, U. S. Deposit Fund, state appropriation, 1796-1905, Table, 453-454; sources, 1831-1900, Table, 455
- See also* Apportionment; Participation, conditions; Uses
- Income and per cent of total common school revenue, all states, Table VII, 20-21
- Income, composition prior to exhaustion of lands, 95
- Income, first distributed, Conn., 166, 228; Mass., 195; Me., 169, 284, 289; Miss., 326; N. Y., 195
- Income, 1905, derived from permanent funds, Local and State Tax, all states, Table VI, 17-18
- Increase of permanent common school funds, principal and income, Conn., 1799-1905, 437; Fla., 1870-1905, 441; Ind., 443, 444; Me., 1839-1906, 446; Mass., 1835-1905, 450-451; N. Y., 1796-1905, 453-454
- Increase, sources of, Ala., 211; Ariz., 214, n.\*; Ark., 219; Cal., 223; Col., 227; Conn., 235-236; Del., 239, 240; Fla., 245; Id., 252; Ill., 257; Ind., 264-266, 442-443; Ia., 269; Kan., 273; Ky., 277; La., 280, 281, 282; Me., 289-291, 295; Mass., 303-307, 309, 452; Mich., 315; Minn., 319; Mo., 323-324; Miss., 327; Mont., 330; Neb., 333; Nev., 336; N. H., 338; N. J., 344; N. Mex., 348 n.\*; N. Y., 351, 354-355; N. C., 363-364; N. Dak., 366; Ohio, 375, 376; Okla., 378, 379; Ore., 381; R. I., 388; S. C., 389, 390; S. Dak., 392; Tenn., 399; Tex., 403, 405; Utah, 407; Vt., 416; Va., 420, 421; Wash., 424; Wis., 430; Wyo., 435
- Indian lands, granted to Tenn., 53; appropriation in lieu of, Ind. Ty., 259; purchased by Ind., 266; Kan., school sections in, 272; Miss., 325
- Indian reservation, teachers' moneys, N. Y., 359
- Indian school endowed, Va., 33
- Indian Territory, federal appropriations, 56, 80, 259
- Indiana
- escheated estates, lost, 146-147
  - finances and forfeitures, 87-88, 146
  - free schools, early conditions, 161, 163; funds used for private purposes, 162-163; growth of system, 1855-1885, Table XXXVIII, 445
  - funds devoted to schools, Bank Tax Fund, 70, 262, 263; Common School and Congressional Township, 5, 64, 114, 116, 145, 146, 147-148, 159, 200, 260-266; Tables, 87, 442-445; County Seminary, 87, 101, 262, 442; Delinquent Tax, 102, 262, 265, 442; Saline, 59-60, 262-263; Sinking, 101, 262, 263, 442; Surplus Revenue Loan, 73, 75, 262, 263; Swamp Land, 64, 102, 145-146
  - lands devoted to schools, saline lands, 59-60; value, 60; swamp lands, 63-64, 265
  - private schools, supported with permanent school funds, 162-163; rate bills, 3, 27; receipts for common schools, 1905, 260; tax, school, 164, 165, 198; local, Table, 1866-1906, 445; teachers' wages, 192-193
- Influence of permanent common school funds, attendance, 183; free schools, 168, 190-201; school term, 167, 176; organization, 194-300; returns, 175, 194-196; supervision, 196-197, 199; taxation, 165-170, 176, 191-198; teachers' wages and board, 171, 191, 192-193; *see also* Effects
- Inheritance tax devoted to permanent school funds, La., 282
- Insane asylum supported by swamp lands, Minn., 318
- Inspection of schools, required, Conn., 178, 198, 237
- Institute of Technology, Mass. School Fund diverted to, 307
- Institutes, teachers', supported by permanent school funds, N. H., 338; S. C., 389
- Insurance, a lawful expenditure, Mont., 331
- Insurance revenue devoted to common school fund, Ohio, 375
- Intact funds, 6; Table VII, 20-21
- Interest on permanent school fund, debts, paid out of taxes, 155-157; Ala., 208, 210; Cal., 222; Conn., 237; Id., 251; Ia., 268; La., 279, 281; Mich., 314, 315; Minn., 318; Neb., 332; Nev., 337; N. H., 338-340; N. Dak., 365; Ohio, 109, 368; Tenn., 394; Tex., 400; Vt., 414; Wash., 423; Wis., 129, 157, 429; derived from sinking fund, Ky., 275, 277;

- 'paid by appropriations, Fla., 243;  
rate paid by states on credit funds  
or loans, Table VII, 20-21; unpaid,  
Ala., Kan., Miss., Mo., 143; Tex.,  
143-144, 404; Conn., 235
- Internal improvement lands, *see under*  
Lands
- Intestate estates devoted to permanent  
school funds, 87; Ark., 219; Cal.,  
223; Kan., 273; Tenn., 397, 399;  
W. Va., 427; Wyo., 435; *see also*  
Escheats
- Investigation of lands needed, 201-202
- Investment, board of, *see* Boards;  
Commissioners; Management
- Investment of permanent common  
school funds: losses, 132, 142-144;  
problem of, 155-156; unlawful, Mo.,  
323; mode and provisions, Ark., 216,  
218; Cal., 221, 222; Col., 226, 227;  
Conn., 235, 236, 438; Del., 238, 239;  
Fla., 242, 243; Ga., 248, 249; Id.,  
251; Ind., 266; Ia., 268; Kan., 273-  
274; Me., 295; Md., 296; Mass.,  
299, 302, 308, 309; Minn., 319; Mo.,  
322, 323; Miss., 326, 327; Mont.,  
329; Neb., 332, 333; Nev., 335;  
N. J., 343; N. Y., 352, 353, 356;  
N. C., 362; N. Dak., 365; Ore., 380;  
R. I., 387, 388; S. Dak., 391; Tex.,  
400, 405; Utah, 406, 407; Vt., 411,  
417; Va., 420; W. Va., 426; Wis.,  
429; Wyo., 434; *see also* Bank stock;  
Boards; Bonds; Commissioners;  
Loans; Losses; Management; Mort-  
gages; Notes; Securities
- Iowa
  - lands, school: internal improvement,  
62, 269; owned by state, 113, 115;  
sales, disastrous, 129; price of,  
139; rent of, 268; unsold, 268;  
section sixteen, 269
  - Permanent School Fund, 113, 115,  
129, 130, 139, 142, 159, 268-270;  
*see also* Credit funds, 8; Teachers'  
Fund, defined, 268
  - rate bills abolished, 27
  - receipts for common schools, 1905,  
268
  - supervision of schools, 197
- Islands, sand, sale proceeds devoted  
to common school fund, Ore., 381
- James I, 33, 41
- Janitor, services, 174, 292, 310
- Jefferson College, Ala., lands, 209
- Jefferson, Thomas, plan for governing  
northwest, 44
- Kansas
  - constitutional ordinance, quoted, 67
  - free schools, 3
  - funds for schools: Common School  
Fund, current revenue, 9; State  
Permanent School Fund, 62, 127,  
138, 143, 148, 159, 271-274; grants  
for schools, *per centum* (five),  
67, 68, 272, 273; *see also* Lands
  - lands for schools, internal improve-  
ment, 61-62, 148, 272, 273; re-  
valuation, 127; price, 138-139;  
sales, disastrous, 138-139; sections  
16 and 36, 271, 272, 273
- Kentucky
  - Act for burning school fund bonds  
quoted, 152-153
  - free schools, 278
  - funds for schools: diverted, 152-154
  - Common School Fund, consti-  
tutional provision for, 276
  - Literary Fund, 102, 152-153, 159,  
275, 276
  - Permanent School Fund, 7, 102,  
152, 153, 154, 275-278; *see also*  
*above* Literary Fund
  - Surplus Revenue Loan Fund  
of 1837, 73, 76, 159, 276
- Lancasterian schools, D. C., 242
- Land boards, *see under* Boards
- Land cession by states, sought by Con-  
gress, 42; terms, 42; granted, 43;  
Ala., Ga., Miss., 208, 209; Tenn., 394
- Land claim controversy between nation  
and states, 40-43, 55-56, 229-230
- Land Commissioners, *see* Board of  
Land Commissioners; Commissioner
- Land Lottery Act, Ga., 248-249
- Land grants and reservations
  - colonial, 34-36, 341; federal, origin, 39-  
42; *see also below under* Lands de-  
voted to permanent common school  
funds: Federal grant policy; inter-  
nal improvement; military; minis-  
terial; salt; Section sixteen; swamp;  
university
  - state, 81, Table XIV, 85, 100-106;  
Conn., 35-36, 43, 82; Ga., 36-37,  
82, 248-249; Me., 82-83, 85, 284-  
285, 288-289, 290, 291; Mass.,  
36-37, 82, 83, 84, 85, 300, 301,  
302, 304, 305, 307, 308; N. H.,  
84, 85, 340-341; N. J., 82; N. Y.,  
36-37, 82, 350, 352, 353, 355;  
N. C., 82; Penna., 83, 384, 385;  
Tex., 84, 403; Va., 43
- Land Lottery Act, Ga., 248-249



- Lands devoted to permanent common school funds
- agricultural lands, Nev., 236
- Back Bay, Mass., 304-305, 307-308, Table XLV, 452
- county, school lands, Ga., 4; Tex., 401-402
- dried lake lands, La., 282
- Federal grant policy, evolution of, 35-37, 39, 42-55, 118, 371-372
- Federal grants quoted, *see* Congressional Acts quoted
- federal, not taxed, 67
- forfeited through exorbitant taxation, Wis., 430
- internal improvement, 60, 61-62, 66; Ark., 219; Cal., 222, 223; Ia., 62, 269, 272, 273; Kan., 148, 272, 273; Nev., 336; Ore., 380, 381; Wis., 430
- lake lands, La., 282
- military lands: Conn., 23; Ill., Mo., 314; Mich., 65; N. Y., 355; U. S. military reservation, 52, 369-372; Va. military reservation, 43, 52, 369-373
- ministerial lands, *see* Ministerial funds under Funds
- Railroad Land Grant, Tex., 403
- Riparian lands, proceeds of leases, increase permanent school fund, N. J., 344
- reserved for religion, *see* Ministerial funds under Funds
- Salt Land Grant, Ohio, 51; devoted to permanent funds, 59; terms of, Ind., 59-60; states receiving, 59, 66; area, 66; salt lands: Ark., 219; Ind., 262-263; Mo., 59, 322; Neb., 33; Ohio, 373, 374
- Section Sixteen, evolution of grant, 44-53; grants in lieu of, 52, 53; Ohio, 372-373; Okla., 379; states not receiving, 56, Table, 57; states receiving and area, Table XI, 57; ownership, 107, 108-114; states' grants: Ala., 208; Ark., 216, 217; Fla., 244; Ill., 255; Ind., 260-261; Ia., 269; La., 279, 280, 281, 282; Mich., 313, 314; Mo., 313-314; Miss., 326, 327; Ohio, 371, 373; Tenn., 394-395, 396; Wis., 430; *see also* Sections Sixteen and Thirty-six; Survey
- Sections Sixteen and Thirty-six, first granted, 54; states receiving and area, Table XI, 58; Ariz., 214; Cal., 55; Col., 226; Id., 252; Kan., 272; Minn., 317; Mont., 329; Neb., 332; Nev., 336; N. Mex., 347-348; N. Dak., 366; Okla., 379; Ore., 55, 380, 381; S. Dak., 392; Utah, 407; Wash., 424; Wyo., 435; *see also* Section Sixteen; Survey
- selection of school sections, Nev., policy, 118, 336; *see also* under Survey
- seminary, *see* University lands
- swamp lands: granted, quoted, 62-63; used for schools, 63-65; diverted, Ind., 145-146; devoted to permanent school funds: Ark., 219; Ill., 256; Ind., 145-146, 265; Mich., 313, 314; Minn., 316, 317, 318; Mo., 322; N. C., 82, 361, 362, 363; Ohio, 373; Ore., 381
- tide lands, sales' proceeds, increase permanent school funds, Ore., 381
- town lands, Conn., Mass., N. Y., Penna., 34-37; Me., 82, 83; Vt., 409
- unappropriated land, W. Va., 427
- university lands, origin, 44, 46, 47, 50; in Fla., Minn., Ohio, Utah and Wis., 50; Ala., 209; Ark., 65, 217; N. H., 340; Okla., 379; Tex., 403
- unsold school lands: area and value, foot-note 43, 13-14, 15-16, 21-22; Ala., 211; Ariz., 214; Cal., 221; Col., 226; Fla., 243; Id., 251; Ill., 257; Ind., 260; Ia., 268; Kan., 271; La., 281; Minn., 316; Miss., 326; Mont., 329; Neb., 332; Nev., 335; N. J., 342; N. Mex., 347-348; N. Y., 350; N. C., 361; N. Dak., 365, 366; Ohio, 376; Okla., 378, 379; Ore., 380; S. Dak., 391; Tex., 400; Utah, 406; Vt., 408, 409; Wash., 423; Wis., 429; Wyo., 434
- waste lands, W. Va., 427
- see also* Lease; Losses; Ownership; Price; Rent; Sale; Valuation
- Lawful uses, *see* Uses
- Lease of school lands, policy of: Col., 226; Fla., 243; Id., 251; Kan., 143, 271; La., 282; Miss., 109, 143, 326, 327; Mont., 330; N. Mex., 347-348; Ohio, 373, 376; Okla., 378; S. Dak., 391; Tenn., 243, 396; Wyo., 434; *see also* Rent
- Leased and unleased school lands, area, value, in U. S., Table VI, 21-22; *see also* Condition of permanent common school funds
- Legislation, incomplete, ineffectual, insufficient, 92-93, 146-147, 163-164, 244, 246, 264, 265, 421, 432
- Legislature, relation to management

- of permanent school funds: Ala., 212; Conn., 235; Ky., 277; Me., 289; Miss., 315; Neb., 333; N. J., 343
- Length of school year, *see* Term length
- Library books, a lawful expenditure of school moneys: Cal., 225; Ia., 270; Mass., 310; N. Y., 356; Ore., 382; Wis., 433
- Library moneys, penalty for diverting, N. Y., 360
- Licenses, *see* under Fish; Gambling; Liquor; Marriage; Peddlers; Tavern
- Lieutenant-Governor, trustee of Permanent School Fund, Vt., 415
- Limited principal, Mass., 300, 302, 303, 304, 308; W. Va., 426
- Liquor license proceeds added to permanent school funds, Del., 240; N. C., 86, 362; S. C., 390; to current school revenue, Conn., 31; Minn., 32; Ga., 247-248
- Loan, federal, *see* Surplus Revenue of 1837 *under* Funds
- Loans, *see* Debts, states'; Mortgages
- Loans as investments: Ark., 142-218; Conn., 142, 236; Ind., 263, 266; Ia., 148, 269; Neb., 142-143; N. H., 339; N. Y., 142, 356; N. C., 362; Ore., 381; S. Dak., 391; Tenn., 398; Wis., 429
- London Company, Va., school endowment, 33; land grant, 40
- Long Island, claimed by Connecticut, 229
- Losses to permanent school funds, 11-12, 116-117; uncertain and unknown, 130, 202, 322, 358; under town management, 131, 322; causes, 133; tabulated, 157-158, Table XX, 323; under county management, 133-137; under state management, 138-159
- in the states: 158-159; Ala., 208, 210-211; Ark., 218-219; Cal., 222-223; Col., 227; Conn., 235-236; Fla., 244; Ga., 240-250; Ind., 264-265; Ia., 129-130, 268, 269, 270; Kan., 272-273; Ky., 276-277; La., 131, 150, 151, 154, 159, 281, 282; Me., 285-286; Md., 159, 297; Mass., 304, 305, 307-308; Mich., 312, 314; Mo., 116-117, 129, 133-138, 159, 322-323; Miss., 159, 327; Neb., 146, 159, 333; Nev., 146, 159, 336-337; N. H., 340; N. Y., 122, 129, 358; N. C., 363; Ohio, 129, 375-376; Ore., 381-382; Penna., 383; Tenn., 398-399; Tex., 130, 404; Vt., 414, 415; Va., 420; W. Va., 428; Wis., 129, 430-433; Wyo., 435; *see also* Bank failures; Civil War, disastrous effects; Credit funds; Debts; Dishonesty; Diversion; Embezzlement; Investment; Loans; Management, township, loss; Misappropriations; Sale; Taxation, exorbitant
- Lotteries as source of school revenue, 32-33; D. C., 32-33, 242; N. Y., 32, 352; R. I., 32, 387
- Lottery Land Act, Ga., 248
- Louisiana
- appropriations for schools, 1819, 24 funds
- Free School Fund, 7, 8, 131, 150-151, 279-282
- Surplus Revenue Fund, 72, 76
- grants for schools, per centum, 280
- lands for schools, section sixteen, 279, 280, 281, 282; dried lake lands, 282
- township losses, management, 131
- McEwen, Robert, Tenn. School Supt., embezzler, 145, 398
- Mail, transported free, 60
- Maine
- census, school, 1851-1902, Table, 448
- expenditure, school, per child, 1851-1902, Table, 448
- free schools, 3, 284
- funds devoted to schools: permanent local funds, income from, 1851-1902, Table, 448; *see also* Township funds *under* Funds; Permanent School Fund, 7, 22, 131, 169, 171-172, 194-196, 283-295; Table, increase, 1851-1902, 446; total income, per child, relation to other sources of school revenue, Table, 1851-1902, 448
- School Mill Fund, 291, 294-295; 1851-1902, Table, 448
- State School Fund, *see* Permanent School Fund
- Surplus Revenue Fund, 1837, 73, 76, 289, foot-note
- Town Funds, 131, 284-286
- grass sales' proceeds devoted to schools, 91
- lands, ministerial, 284-285; school, 82, 83, 85, 284-286, 288-289, 290, 291, 303; owned by Mass., 82, 83; rents, increase School Fund principal, 91; grants, 102; sale, 289
- support of schools prior to Permanent School Fund, 284-288



- taxes devoted to schools, Building Tax, 30; local, compulsory, 1821, 30, 168-169; rate, 1821-1872, Table, 446, 1851-1902, Table, 448; Savings Bank Tax, 287-288, 293, 294; 1833-1869, Table, 447; 1851-1902, Table 448; town, 168, 283, 284, 286, 291, 292; *see also above* Me., funds, School Mill Fund
- teachers' wages, 192-193; per month, 1851-1902, Table, 449
- Malpractice, fines for, increase permanent school fund, 381
- Management of permanent common school funds, 107-128; *see also* Auditor; Boards; Commissioners; Controller; County Auditor; County Treasurer; Governor; Legislature; Merged funds; Ownership; Secretary of State; Superintendent of Public instruction; Treasurer
- history of, 107-114
- county, 107, 115-116, 117; defects, 116-117; Ill., 257; Ind., 116; Md., 115; Mo., 115, 116-117, 323; Miss., 327; Ia., 115, 270; S. Dak., 115, 392; Tex., 115, 400, 402, 405
- state: Ala., 110, 212; Ark., 112, 219; Cal., 223; Id., 252; Ill., 110, 257; Ind., 114, 116, 266; Ia., 113, 115, 269-270; Kan., 273-274; Ky., 275-277; La., 282; Me., 295; Md., 115; Mass., 308-309; Mich., 111-112, 125; Minn., 113-114, 319, 320; Miss., 109, 327; Mo., 115, 116-117, 322, 323, 324; Mont., 330; Neb., 333; Nev., 337; N. H., 339; N. J., 344; N. Y., 121, 351, 354, 356, 357, 358; N. C., N. Dak., 366; Ohio, 108-109; Ore., 382; Penna., 385; R. I., 388; S. C., 390; S. Dak., 115, 392; Tenn., 110-111, 397, 399; Tex., 115, 400, 402, 405; Utah, 407; Vt., 416, 417, 418, 419; Va., 421; Wash., 424; W. Va., 428; Wis., 113, 433; Wyo., 435
- state vs. township: advantages, 118-119, 202, 236; defects, 119, 121, 122-124, 138-159, 203; efforts to improve, 124-127; evolution of, 107, 109-114, 117, 118, 124-128; forms of, 119-120, 121; losses under: N. Y., 121-122, 138-159
- township, 107: change to state, 108-113; defects, 116, 131-202; loss, Cal., 222-223; *see also* Losses; states employing, 108, 281, 257, 262
- Marriage license proceeds devoted to Public School Fund, Del., 238
- Maryland
- funds: Free School Fund, 6, 115, 296-298; Surplus Revenue Fund, 73, 76, 159, 297
- lands: Virginia's claims, opposed, 41-55; federal grant, sought, 55
- Mason, John, Grammar School bequest, 34
- Massachusetts
- Articles of Separation, Me., 284, 303
- census, school, 1837-1905, Table XLIV, 451
- expenditures, public school, total, 1837-1905, Table XLIV, 450; per child, 1845-1905, Table XLIV, 451
- free schools, 161-162, 194, 300; *see also* Massachusetts, rate bills
- funds for schools
- Bounty Fund, 307; funds for ministry and schools, 37; Literary Fund, 301; School Fund, 6, 12, 22, 90, 91-92, 169, 183-185, 194-196, 200, 299-311, 450-452; purpose, 169; Surplus Revenue Fund of 1837, 73, 76, 308; town school funds, 34, 35, 37, 300, 308
- Institute of Technology, Mass., 307
- land claims, 40, 42-43
- lands, Back Bay, 304-305, 307, 308
- lands, ministerial, 37
- lands, school, reservations, colonial town, 34, 37; area, 102; in Maine, origin, 82, 83, 84, 85, 302; value, 302, 303
- rate bills, 3, 27
- school age, 1837-1905, Table XLIV, 450
- school support, earliest, 23
- Society of Natural History, Boston, 307
- tax, school, local, colonial, 29, 176; War Tax, 79, 89; compulsory, 169; rate, 176, 300, 311; local tax, 1837-1905, Table XLIV, 451
- teachers' wages, increase, 192-193; per month, 1837-1905, Table XLIV, 451
- Maumee lands, Ohio, 370
- Merged funds, 202; Ala., 114; Ark., 112, 114, 218; Col., 222; Fla., 4, 112-113, 114, 244; Ill., 255; Ind., 114, 261-262, 442; Miss., 114; N. Y., 357; Tenn., 86, 110, 111, 114, 397; Vt., 413, 416, 417, 418

- Mexican County School Land Grant, 401
- Mexican state of Coahuila, 401
- Mexican state of Texas, 401
- Michigan
- constitution, quoted, 125
  - funds for schools:
    - accounts, 7, 112
    - constitutional provisions, quoted, 125
    - Five Per Cent Fund, *see* Michigan, Swamp Land or Five Per cent Fund
    - Primary Seven Per Cent or Sixteenth Section School Fund, 7, 111, 112, 125, 312, 315
    - Seven Per Cent Fund, *see* Primary Seven Per Cent Fund
    - Sixteenth Section Fund, *see* Primary Seven Per Cent Fund
    - Swamp Land or Five Per cent Fund, 7, 312, 313, 314, 315
  - lands for schools
    - ownership, state, 111-114
    - price, minimum of school lands, 127, 139, 314
    - sale of school policy, 139, 314
    - Section Sixteen lands: management, 111-112; grant quoted, 112; price, 127, 139, 314; origin, 313; unsold, 313
    - swamp lands, 63; origin, 65, 314; unsold, 313
- Military exemption moneys, 323; Ind., 262; Mo., 323; Ore., 381; W. Va., 427; Wis., 430
- Military fines, 323; support county seminaries, 87-88
- Military taxes, Ga., 247
- Minerals, sales of, proceeds, increase permanent school fund, Utah, 407; Wash., 424; *see also* Ore lands; Ore proceeds and royalties
- Ministerial taxes, Conn., 233
- Minnesota
- building tax, 30
  - fines, criminal, support schools, 32
  - funds for schools
    - Permanent School Fund, 5, 11, 12, 91, 113-114, 126-127, 181-182, 316-320
    - Swamp Land Fund, 102, 316, 317-318
  - lands for schools
    - ore lands, foot-note 43, 13-14, 91
    - price, 139
    - sale, 126-127, 139
    - Sections 16 and 36, value, foot-note 43, 13-14, 55, 113-114, 316, 317
    - swamp lands, 64-66, 317, 318
    - timber lands, foot-note 43, 13-14
    - liquor license fees, 32
    - territorial support of schools, 30, 32
- Misappropriations of school funds, 147, 153, 154; *see also* Auction; Civil War, disastrous results; Diversion; Losses
- Mismanagement of school funds, 119; N. Y., 121; *see also* Losses; Management
- Mississippi
- bank failures, 144, 327
  - funds for schools:
    - Chickasaw Fund, 109, 159, 325-328
    - Chocktaw Fund, *see* Sixteenth Section Fund
    - Common School Fund, 64; losses, 131; *see also* Literary Fund
    - Literary Fund, for charity schools, 162; *see also* Sixteenth Section Fund
    - Sixteenth Section Fund, 109, 143, 325, 326, 327, 328
    - Surplus Revenue Fund of 1837, 72, 76
  - lands for schools:
    - sales' records lost, 131-132
    - sixteenth section lands, sale, lease and rent, 109, 143
    - swamp lands, 63, 64
    - notes unpaid, 143
    - rents unpaid, 143
- Mississippi territory, 208, 209
- Missouri
- fines and forfeitures, 88
  - funds for schools
    - County Public School Fund, 63, 116, 117, 129, 323, 324
    - Permanent Common School Funds, 5, 115, 116-117, 129, 133-138, 141, 143, 321-324
    - Special District Fund, 324
    - State Public School Fund, 323, 324
    - Surplus Revenue Fund of 1837, 72, 76, 322
    - Township School Fund, 133-138, 145, 159, 323-324
  - school grants, per centum, 68, 69
  - school lands
    - lost, 141
    - military, 314
    - salt area, 322

- sixteenth section lands, 322
- swamp lands, 63, 322, 323
- Monastic funds, 33
- Moneys for schools, *see under* Bequests; Expenditures; Funds; Gifts; Lotteries; Receipts; Support of schools; Tax
- Montana
  - funds
    - Public School Fund, 91, 329-331
    - State School Fund, *see* Public School Fund
  - school lands, sections sixteen and thirty-six, 102, 329, 330
- Mortgages, farm, as securities, Id., 25, 251; Ind., unpaid, 142; Ind., poor investment, 264; Ia., 268, 270; N. Y., forged, 358; N. Dak., 365; S. Dak., 391; Utah, 406
- Names, *see* Funds; Title
- National, *see* Federal
- Nebraska
  - funds for schools
    - Common School Fund, current revenue, 9
    - constitutional provisions, 127, 332, 333
    - Five Per Centum Fund, 333
    - Permanent School Fund, 159, 332-334
  - school grants: federal lands, area, 103; per centum, 333
  - school lands
    - rents distributed, 91; price, minimum, 127-128, 333
    - saline lands, 59, 333
    - sections sixteen and thirty-six, 332
- Nevada
  - funds for schools
    - Permanent School Fund, importance, 22
    - State School Fund, 335-337
  - school lands: internal improvement, 62; in lieu of section lands, 118, 336
- New Connecticut, *see* Connecticut; Western Reserve
- New England Company, Conn., plans for northwest, 43, 45
- New Hampshire
  - Bank taxes, 340
  - Maryland resolutions endorsed by N. H., 55
  - school funds
    - Common School Fund, 11, 228, 338, 340-341; *see also* Institute Fund
    - Institute Fund, 84, 103, 159, 338-341
    - Literary Fund, 339, 340
    - Surplus Revenue Fund of 1837, 73, 76, 339-340
    - school lands, 55, 84, 85, 340, 341
    - taxes, Bank Tax, 340
- New Haven: rate bills, 26; permanent school funds, 34, 35
- New Jersey
  - school funds
    - apportionment, 183
    - Permanent School Fund, 88, 183, 199, 342-346
  - School Fund, *see* Permanent School Fund
  - State School Fund, *see* Permanent School Fund
  - Surplus Revenue Fund, 76
  - school lands: land granted to Conn., 229; riparian, 82, 85; rents, reserved, 91
  - tax devoted to School Fund, 90
- New London, Grammar School Grant, 35
- New Mexico
  - Five Per centum Grant, 69, 347
  - school funds, 69, 347-348
  - school lands: sections 16 and 36, 347, 348
- New York
  - appropriations, 1795-1800, 24
  - funds
    - Common School Fund, 168, 171, 180, 195-196, 198, 228, 349-360, 453-455
    - Educational Fund, defined, 357
    - Literature Fund, 349, 350-351, 354, 357, 358-359
    - local income, 1831-1900, Table XLVI, 455
    - ministerial and school funds, 36
    - town school funds, 36, 37
    - United States Deposit or Surplus Revenue Fund, 6, 72, 77, 121-122, 132, 142, 159, 349, 354, 355, 356, 357, 358, 455
    - land claims in Northwest, 40, 42-43, 229
    - lands for ministry and schools, 36-37, 350
    - lands for schools, 82, 85, 350, 352-353; *see also* Town school funds
    - lotteries, 32, 352
    - rate bills, 3, 27, 350, 455
    - support of schools, earliest sources, 23
    - taxes, school: compulsory, 1795, 30,

- 164; Table, 1831-1900, local, voluntary, state, 455  
 teachers' wages, 192-193; average per month, total cost, 1831-1900, Table, 455  
 Normal departments and schools supported by permanent school funds, Mass., 173, 192, 301; N. Y., 351; Minn., 318; Va., 422; Wis., 192, 433  
 North Carolina  
   land claims of, in southwest, 40  
   land cession, area, 53  
   land, swamp, 82, 85, 361-362, 363  
   State Literary Fund, 88, 144, 151-152, 154, 159, 198, 361-364  
   Surplus Revenue Fund, 72, 77  
 North Dakota  
   constitutional provisions for school funds, 128, 366  
   funds: Five Per Cent Fund, 68, 366; Permanent School Fund, 182, 183, 365-367; Tuition Fund, defined, 365  
   lands: rents, 91; sections 16 and 36, 365, 366  
 Northwest Territory, conflicting claims to, 40-42; ceded by states, 42, 43, 371; church and school reservations, 45-53, 57-58, 369; military reservations, Va., 370; U. S., 371, 372; ordinances for governing, 44-47; sale, 44-45, 46, 47-49, 369-373; settlement, 43-47; survey, methods of, 44-45, 48, 49, 371, 372  
 Notes, unpaid or worthless: Ala., 143; Ark., 142, 218; Miss., 143, 326, 327; Mo., 143, 323; Tenn., 398; *see also* Securities, poor  
 Objects, *see* Uses  
 Ohio, claimed by eastern states, 40-42  
 Ohio Company, 45, 46, 47  
 Ohio Enabling Act quoted, 108  
 Ohio  
   school funds  
     Common School Fund, defined, 9, 368  
     Irreducible State Debt, 7, 108-109, 159, 368-377  
     Surplus Revenue Fund, 77, 374-375  
   school grants: moneys, 51, 67, 68, 76; lands, 51-53, 371-372; lands for religion and schools, 46, 47, 48, 51, 52, 369-372; Moravian Grant, 369, 370, 372; *see also* Northwest Territory  
   school lands: ownership, 108-109; sale, 45-47, 82, 108-109, 129; purchase, 369, 370, 371, 372; salt lands, 59, 60; section sixteen, 51-53, 373; swamp lands, 63; *see also* Northwest Territory  
 Oil fees for schools, Ga., 247, 248  
 Oklahoma  
   organic act, 378, 379  
   Permanent Common School Fund, 80, 378-379; *see also* Indian Territory  
 Ordinance of 1785, 44-45  
 Ordinance of 1787, 46-50  
 Ore lands, value, Minn., foot-note 43, 13-14  
 Ore proceeds and royalties added to principal, Minn., 91; Utah., 407; Wash., 424  
 Oregon  
   Common School Fund, 6, 126, 380-382  
   Enabling Act, quoted, 54  
   school grants, sections, 54, 55  
   school lands: for internal improvement, 62; swamp lands, 63; sections 16 and 36, 54, 55, 380  
   Territorial Government Act quoted, 54  
 Organization, influenced by permanent funds, 194-196; *see also* Free Schools; Returns; Supervision  
 Origin of Permanent Common School Funds, 33-37, 39-106; Ala., 208-210; Ariz., 214; Ark., 217; Cal., 222; Col., 226-227; Conn., 229-234; Del., 239; Fla., 243-244; Ga., 248-249; Id., 252; Ill., 255-256; Ind. Ter., 259; Ind., 260-263; Ia., 269; Kan., 272; Ky., 275-276; La., 280-281; Me., 284-285, 288-289, 290-291; Md., 296, 297; Mass., 301-303; Mich., 313-314; Minn., 317-318; Mo., 321-322; Miss., 325-327; Mont., 329-330; Neb., 332-333; Nev., 336; N. H., 340-341; N. J., 342-343; N. Mex., 347; N. Y., 350-351, 355; N. C., 363; N. Dak., 366; Ohio, 370-373; Okla., 378-379; Ore., 380; Penn., 384-386; R. I., 387-388; S. C., 389-390; S. Dak., 392; Tenn., 394-397; Tex., 400-404; Utah, 407; Vt., 410, 411, 412-413, 416; Va., 420; Wash., 424; W. Va., 420, 421, 427; Wis., 430; Wyo., 435; *see also* Creation; Evolution; Federal lands, grants; Federal money grants; Grants, state moneys; Land grants and reservations, state  
 Orphan asylum aided by swamp lands. Minn., 318  
 Ownership  
   state, Tenn., 110-111; Mich., 111-114



- state versus township, 107, 113-114, 373  
 township and state management, Ala., 109; Ill., 110-111; La., 281, 282; Mass., 109; Ohio, 108-109; *see also* Land claim controversy; Management  
 Oyster lands' rents, Ga., 247, 248  
 Panic of 1837, 314  
 Parishes, La., 282  
 Participation in permanent common school funds: optional, Conn., 166; Me., 291; N. Y., 164-165; conditions, 177-179, 189-190; Ala., 212; Ark., 220; Cal., 225; Col., 227; Conn., 237; Del., 241; Fla., 245; Id., 253, note 122a, Ill., 257-258; Ind., 267; Ia., 270; Kan., 274; Ky., 278; Me., 291-292; Mass., 310-311; Mich., 315; Minn., 320; Mo., 324; Mont., 331; Neb., 334; Nev., 337; N. J., 345-346; N. Y., 360; N. Dak., 367; Ore., 382; R. I., 388; Utah, 407; Vt., 411, 412, 415-416, 419; Va., 422; Wash., 425; W. Va., 428; Wis., 433; Wyo., 436  
 Patterson, J. W., and N. H. Institute Fund, 341  
 Payments, interest on, deferred, Nev., 335  
 Peasley, Hy., school bequest, 33-34  
 Peddlers' licenses, Vt., 409  
 Penal fines, *see* Fines  
 Pennsylvania  
   charter, 229  
   funds for schools: Common School Fund, 10, 159, 383-386; Surplus Revenue Fund, 77, 386  
   land claims, conflict with Conn., 229, 230  
   lands, reserved for schools, 83, 85, 384, 385  
   rate bills, 3, 26, 27  
   school support, 77, 159  
   Schools: free, 26; private, 26, 83  
 Per cent of total common school revenue derived from permanent school funds and lands, Tables IV, 13-14; VI, 17-18; VII, 21-22; *see also* Importance; Income Tables  
 Per cent paid on school fund loans, Table VII, 20-21  
 Per centum grants, *see under* Federal money grants; Funds; Grants  
 Per centum moneys lost, 219  
 Physiology and hygiene, penalty for not teaching, Minn., 320; N. Y., 360  
 Pickering, Col. Timothy, *see* New England Company; Ohio Company  
 Plantations, Me., unit of apportionment, 287, 293, and note  
 Planters' Bank of Mississippi, 326, 327  
 Plymouth Colony: colonial school tax, 29; license fees, 1673, devoted to schools, 31; claims to western lands, 40; charter, 229  
 Poll Tax, *see under* Tax  
 Poor children educated by town, Conn. Colony, 25; books for, Va., 422  
 Poor funds devoted to common schools, N. Y., 351; *see also under* Funds  
 Population, *see* Census  
 Pottawatomie Indians, lands purchased, 266  
 President, Board of Land Commissioners, relation to management of school funds, Mont., 330  
 Price of federal lands, 47, 59  
 Price of school lands, minimum: Ind., 59; Ia., 139; Mich., 127, 139, 313; Minn., 139; Neb., 127-128; N. Dak., 128; S. Dak., 128, 391; Wash., 128  
 Price of school lands: Cal., 131, 221; Fla., 243; Mich., 314; Mont., 330; Neb., 333; N. Mex., 348; N. C., 362; Ohio, 129; S. Dak., 391; Tex., 130, 138, 404; Vt., 409; Wash., 423; *see also* Lands, unsold school lands, area and value; Sale  
 Primary school land grant, Republic of Tex., 401  
 Principal of permanent common school funds: borrowed by states, *see* Loans; growth, *see* Increase; held by state, 5; distributed locally, 5; value, inequality of, 11; losses in twelve states, *see* Table III, 12; limited, 12, 426; true value in all states, 1905, 13-14, 20-21; estimated value, 1905, 15-16; loans from to states, Table VII, 20-21; *see also* Condition; Credit funds; Debts; Increase; Loans; Losses; Management; Valuation;  
 Prison supported by swamp lands, Minn., 318  
 Private schools: number, Fla., Mass., 162; public moneys, support, Fla., Ind., Tenn., 163; *see also* Academies  
 Property, derelict, devoted to permanent school funds, Va., 400, 421  
 Public improvements, paid with Ill. School Fund, 257  
 Public land states, *see* Table XI, 57-58



- Public lands, *see* Lands, federal, *under* Lands
- Public schools, *see* Free schools
- Purpose of permanent school funds: Conn., 165, 166, 228; Ga., 162; Me., 169, 288, 289, 292; Mass., 169, 300, 301; Miss., 162; N. Y., 168, 353; Vt., 170, 412; Va., 162; *see also* Aims; Influence; Uses
- Purpose thwarted, 155, 157; *see also* Credit funds; Debts
- Putnam, Rufus, promoters, land companies, 43, 45
- Quit rents, N. Y., 351, 355
- Railroad taxes, not collected, Ind., 264; dividends devoted to schools, Ga., 247, 248; land grant, Tex., 403; stock as security, Md., 296, 297; securities devoted to permanent common school funds, Mass., 303, 305, 306-307
- Ramsey, Alexander, governor of Minn., on sale policies, 139
- Rate bills, 3, 25-28, 164; Conn., 168; Mass., 300; N. Y., 350; R. I., 28; Tables: VIII, year abolished, 27; IX, Conn., 1856-1868, 28; XLVIII, N. J., 1831-1867, 455; *see also* Free schools
- Real estate devoted to permanent common school fund, N. J., 343; *see also* Bequests; Intestate estates; Lands
- Receipts for Common Schools  
in U. S., 1905: Table VI, per cent divided from permanent funds, local tax, state tax, Table VII, total from all sources, total from funds and rents, 20-21  
sources and proceeds: Conn., 1825-1895, Tables XXVII, 439; XXVIII, 440; Fla., 1870-1905, XXX, 441; Ind., 1866-1906, XXXVII, 445; 1855-1885, XXXVIII, 445; Me., 1851-1902, Table XLII, 448; Mass., 1835-1905, Table XLIV, 450-451; N. Y., 183, 1831-1900, Table XLVII, 455; *see also* Condition of permanent common school funds
- Receiver-general, relation to school funds, Mass., 309
- Records, lost, *see* Title
- Regents, N. Y., control Literature Fund, 351
- Religion funds and lands for, *see* Funds, ministerial
- Religious and sectarian schools; de-  
barred from public moneys, Kan., 274; supported with public moneys, Conn., 233; Ind., 162-163, 274; Minn., 320  
Religious instruction forbidden, Mont., 331; Nev., 337  
Rent of school house, a lawful expenditure, Mont., 331  
Rent of school lands  
proceeds, 1905, Table VII, 20-21  
uses, Tenn., 111  
added to principal: Cal., 223; Me., 91; Minn., 91, 316-317, 319; N. J., 91  
distributed annually: Col., 226; Fla., 243; Ga., 247; La., 280; Mont., 329; Neb., 332; N. Mex., 348; N. Dak., 366; Ohio, 109, 368; Okla., 378; S. Dak., 392; Tenn., 111; Tex., 401; Utah, 406; Wash., Wyo., 434  
income from, 1905: Ariz., 214; Ga., 248; La., 279; Mont., 329; Neb., 332; N. Mex., 348; N. Dak., 366; Okla., 378; S. Dak., 392; Tex., 401; Utah, 406; Wash., 424; Wyo., 434  
unpaid, Miss., 327; *see also* Quit rents; Lands, unsold school
- Repairs of school houses, a lawful expenditure of school funds: Miss., 174, 328; Mont., 174, 331; N. C., 174; an illegal use, Col., 227; Me., 293
- Reports, *see* Returns
- Requirements, *see* Participation
- Resolutions quoted, Md., 41, 55; Mass., 305
- Returns or school reports  
importance of, 164, 196; Fla., Me., Mass., N. Y., 164, 194-195; in-obtainable required for school funds: Conn., 175, 237; Ill., 258; Ind., 267; Kan., 274; Me., 175, 194, 195-196, 291, 293-294; Mass., 311; Minn., 320; Mo., 324; N. Y., 175; N. Dak., 367; Ore., 380; Utah, 407; Wis., 433  
secured through influence of permanent funds, 175, 194-196; Me., 293-294  
Table XXV, N. Y., Mass., Me., 1805-1885, 195-196
- Revaluation of school lands, 13-14, foot-note 43; Kan., 127
- Revenue, *see* Appropriations; Income; Increase; Receipts; Support
- Rhode Island

- funds for schools: Permanent School Fund, 32, 90, 153, 159, 388-389; Surplus Revenue Fund, 77
- lands, claimed by Conn., 229
- rate bills, 27, 28
- River improvements paid with school moneys, Ky., 276
- River lands, *see* Riparian, under Lands
- Roads maintained by school moneys, Ky., 276
- Royalties, *see* Ore
- Rupee Grant, Ohio, 370
- Salary, *see* Teachers' wages
- Sale of school lands
- in states: Ala., 211; Ariz., 214; Ark., 217; Conn., 231; Fla., 244; Ind., 261, 262-263; Me., 288, 289, 290, 295; Mass., 302; Minn., 139; Mo., 322; Miss., 326, 327; N. Y., 350, 351, 353, 355; Ohio, 373, 374; Tenn., 396; Wis., 139
- methods and policies: contracts, 46-48, 335; steps in, 93, 95; Ohio, 108-109; Miss., 109; Ala., 110; Tenn., Mich., Ark., Fla., 110-112; unbusinesslike and wasteful, Kan., 123, 138, 140, 141; directed by constitutions, 124, 128; lax and careless, Ala., La., Miss., 131-132; policies compared, Ia., Mich., Minn., Wis., 139; proceeds diverted, Ind., 145-146; tax sales, Ind., 265; *see also* Lease; Payments; Per Centum Fund under Funds; Price; Rent; Unsold common school lands
- Salt fines support seminaries, Ind., 262
- Sanitary requirements for sharing in school funds, Conn., Del., Fla., N. J., Va., 198-199, 241, 246, 341
- Savings Bank Tax, Me., 288, 294; N. H., 339
- School children, *see* Apportionment; Census; Poor children
- School house, erection, a lawful expenditure, Fla., 241; Miss., 174, 328; Mont., 174; an illegal expenditure, Ark., 220; Col., 227; Kan., 274; Me., 293; Nev., 337; Ore., 382; *see also* Rent; Repairs
- School, legal, defined, Vt., 415
- School lots, *see* Local and town under Funds and Town under Lands
- School societies, Conn., 166, 175
- School year, *see* Term
- Secondary schools, *see* Academies; Funds
- Secretary, Board of Education, a commissioner of permanent common school funds, Mass., 309
- Secretary, Board of Land Commissioners, relation to management of Permanent School Fund, Mont., 330
- Secretary of State, aids in managing school funds: Ark., 219; Kan., 273; Mass., 309; Neb., 333; N. J., 344; N. Dak., 366; Ore., 382; Tex., 405; Utah, 407; Wash., 424; Wis., 433; Wyo., 435
- Sectarian, *see* Religious
- Securities of permanent common school funds, 142-143; Ark., 216; Cal., 241; Conn., 437, 438; Del., 238; Fla., 243, 244; Id., 251; Ia., 268, 269; Ky., 275, 276; La., 279; Md., 296; Mass., 300, 303, 305; Minn., 316; Mont., 329; Neb., 332; Nev., 335; N. J., 343; N. Y., 353, 356; N. Dak., 365; Ore., 380; R. I., 387; S. Dak., 391; Tex., 400; Utah, 406; Vt., 415, 416, 417; Va., 420; W. Va., 426; Wis., 429, 431; Wyo., 434
- Securities, poor, unsafe, worthless: Ark., 218; Col., 227; Conn., 235; Ia., 268; Kan., 273; Mo., 323; Miss., 327; N. Y., 358; Ore., 381-382; Tenn., 398; Tex., 404; Wis., 430; *see also* Bank stock; Bonds; Loans; Losses; Mortgages
- Shannon, R. D., Mo., Superintendent, investigates losses, 133-138, 323
- Show tax, devoted to schools, 247, 248
- Simons, Benjamin, Free School Fund, 33
- Soldiers, free transportation, 60
- Soldiers, *see also* under Fund, Bounty Funds and under Lands, Military
- Sources of permanent common school funds, classified, 39; unproductive, 92; *see also* Increase, sources of; Origin
- South Carolina
- claims to lands in Southwest, 40
- Permanent School Fund, 11, 389, 390
- Surplus Revenue Fund, 72, 78
- South Dakota
- Permanent School Fund, 6, 19, 115, 120, 391-393
- Sixteenth and thirty-sixth section school lands, 128, 392
- Southall, J. W., Supt. Va., quoted on fines, 148
- Spain, land claims of, 40
- Special Superintendent, paid from Permanent School Fund, N. J., 345

Squatters on school lands, Ala., 211; Tenn., 395  
 State aid to public schools, 81-97, 100-106  
 State lot, Me., 285; N. Y., 36, 37, 350, 351  
 State moneys, *see* Grants, state moneys  
 State school lands and land grants, *see* Land grants and reservations, state  
 State sources of common school funds, *see* Grants, state moneys; Land grants and reservations, state  
 State Superintendent, *see* Superintendent of Public Instruction  
 States possessing no funds, 10  
 Stationery, a lawful expenditure, Ind., 298  
 Stone, sale proceeds added to school fund, Mont., 330; Utah, 407; Wash., 424  
 Sundries purchased with school fund income, Mass., 310  
 Superintendent of Public Instruction aids in managing school funds, 115; Ark., 219; Ia., 270; Kan., 273; Mich., 315; Mont., 330; N. Dak., 366; Vt., 415; Va., 421; Wash., 424; W. Va., 428; Wyo., 435  
 apportions school moneys, Ala., 212; Ark., 220; Cal., 224; Col., 227; Fla., 245; Id., 252; Ind., 266; Kan., 274; La., 282; Mich., 315; Minn., Mo., 324; Mont., 330  
 office created, Cal., 197; Fla., 197; Me., 196-197; Mich., 197; Wis., 197  
 salary, a lawful expenditure: N. J., 345; Mass., 310; Va., 422  
*see also* County Superintendent; Special Superintendent  
 Supervision, 194; influenced by permanent funds, Cal., Conn., Fla., Ia., Mich., Wis., 196-197  
 Support defined, Mass., 310; not defined, N. J., 345  
 Support of schools, earliest, 23-38; uncertain, 164-165; *see also* Federal lands, grants; Federal money grants; Funds; Grants, state moneys; Increase, sources of; Lands; Receipts, sources and proceeds; Taxation  
 Supreme Court fees devoted to permanent fund, N. Y., 355  
 Survey, federal, origin, description, diagram, 48, 49; ordinances, quoted, 44, 110; incomplete, 57; Wash., 423; state, Mo., 322  
 Survey systems in Tenn., 54, 110-111,

395, 396; U. S. Military Reservation, 371-372; Va. Military Reservation, 371; Western Reserve, 371; Wyo. Valley, Ohio, 36  
 Susquehanna Company, 36, 229, 230  
 Symmes, John Cleve, purchase in Northwest Territory, 47, 52, 369, 370, 371, 372

# Tables

Table A, Growth of principal and income of Permanent Common School Funds, Conn., Fla., Ind., Me., Mass., N. Y., 1799-1905, 94  
 Table I, Credit Funds (in sixteen states), principal, 1905, 8  
 Table II, Official titles of Permanent Common School Fund, 10  
 Table III, Lost principal in twelve states, 12  
 Table IV, Permanent Common School Funds grouped in order of value; per cent of school revenue derived therefrom, 1905, 13-14  
 Table V, Permanent Common School Funds in order of estimated value including unsold lands, 15, 16  
 Table VI, Per cent of total common school revenue derived from permanent funds, local tax and state tax, 17-18  
 Table VII, Permanent Common School Funds for all states, 1905, credit funds, debts, loans, rate of interest, income, per cent of total receipts, total receipts, unsold school lands, area, value, 21-22  
 Table VIII, Rate bills, year abolished in fourteen states, 27  
 Table IX, Conn., school receipts and sources of revenue, 1856-1868, 28  
 Table X, States receiving no federal land grants, 57  
 Table XI, Public land states and sixteenth and thirty-sixth section land grants, area and date, 57-58  
 Table XII, Internal improvement, saline and swamp land grants, 66  
 Table XIII, U. S. Surplus Revenue Loan of 1837, states receiving, shares, quota devoted to schools, original use of principal, final disposition or present condition, 74-78  
 Table XIV, State Land Reservations, area, date, proceeds, 85  
 Table XV, Ind. School Fund, com-

- parison of proceeds of sources of increase, 1868-1903, 87
- Table XVI, Creation of permanent common school funds, title, year, mode, year of states, admission into union, 98-99
- Table XVII, Titles and original capital of permanent common school funds arranged by states, 100-106
- Table XVIII, Loss of Township School Funds, Mo., before 1870, amounts, balance, causes, 133-138
- Table XIX, Summary of causes of loss to permanent school funds, 157-158
- Table XX, Losses, amount, date, fund, credit funds and debts, 158-159
- Table XXI, Objects to which revenue of public permanent common school funds may be lawfully applied in the several states, 173-174
- Table XXII, Conditions of participation in the several states, 177-179
- Table XXIII, Bases of apportionment of income of permanent school funds, 186-188
- Table XXIV, Teachers' average monthly wages in N. Y., Mass., Ind., Me., Conn., 1831-1907, 192-193
- Table XXV, Returns in N. Y., Me., Mass., 1805-1885, 195-196
- Table XXVI, Growth of principal and income of Conn. School Fund, 1799-1905; securities, 1905, 437-438
- Table XXVII, Conn., total cost of public education, sources from which derived and relative importance, 439
- Table XXVIII, Conn. school support, 1825-1895: amount per child derived from School Fund and from all other sources, 440
- Table XXIX, Growth of teachers' wages in Conn., and relation to total school expenditure, 440
- Table XXX, Fla., State School Fund, growth, principal and income; relation of income to total expenditure, 1870-1905, 441
- Table XXXI, Ind. Common School Fund, funds composing and amount each added, 442
- Table XXXII, Sources of increase of Ind. Common School Fund, productive and unproductive, 442
- Table XXXIII, Increase of Ind. Common School Fund from fines, forfeitures, and other sources, 443
- Table XXXIV, Growth of principal of Ind. Common School Fund, 1854-1906, 443
- Table XXXV, Growth of income of Ind. Common School Fund, 1865-1906, 444
- Table XXXVI, Average annual increase of principal of Ind. School Fund, 1854-1902, 444
- Table XXXVII, Comparison of Ind. school revenues from funds, local and state tax, 445
- Table XXXVIII, Growth of Indiana's endowed school system, 1855-1885, 445
- Table XXXIX, Me. Permanent School Fund, growth, principal and income, 1838-1906; total expenditure for schools, per cent from School Fund, 1855-1906, 446
- Table XL, Me. local school tax rate, 446
- Table XLI, Bank tax, Me., 1833-1869, 447
- Table XLII, Me., total public school expenditures, Permanent School Fund and other sources of school revenue, 1851-1902, 448
- Table XLIII, Me. teachers' wages per month, 1851-1902, 449
- Table XLIV, Mass. school support, summary, sources, proceeds, expenditures, 1835-1905, 450, 451
- Table XLV, Mass. School Fund, sources of growth, 1835-1837, 452
- Table XLVI, N. Y. Common School Fund, growth of principal and income, 1806-1905, 453, 454
- Table XLVII, N. Y. Common School Fund, showing total cost of public education, sources and proceeds, teachers' wages, 1831-1900, 455
- Tavern license fees devoted to permanent fund, Del., 86, 238
- Tax: Bank, see Bank taxes; corporation, Ind., uncollected, 147-148, 264; direct, 247, 248, 305; inheritance, 17; military tax and fines: used as annual school revenue, Ga., 247; Ind., 262; devoted to permanent funds, Mo., 323; poll, for schools, 17, 18, 214, 245, 247, 248; Ariz., 214; railroad, 17; sales, invalid, N. C., 361, 362; sav-



- ings banks and trust companies, Me., 1851-1902, Table XLII, 448; tea, 31; *see also* Animal, Bank, Corporation, Direct, Military and Show tax; *and under Fund*, Delinquent Tax Fund and Tables VI, IX, XVII, XVIII, XXVII, XXXVII, XL, XLI, XLII, XLVI, XLVII
- Taxation, colonial, 28-30; exorbitant, on school lands, Wis., 141, 430; federal lands exempt, 127; influence by permanent common school funds, 3; Conn., Me., N. Y., 165-170; Mass., 176-177; Fla., 198; La., 281; Mich., 314; Nev., 337; N. H., 339; opposed, 3-4, 164-165; discontinued, Conn., 168, 228; per cent of expenditures paid from, Table VI, 17-19; permissive, compulsory, voluntary, Conn., Mass., Me., Minn., Ariz., 3-4, 28-31; N. Y., Ind., 164-165; Me., 284; Mass., 300; principles, 3-4; proceeds devoted to Permanent School Fund, balances, Me., 291; N. J., 343; Tex., 402; rate, basis of apportionment, Mass., 310; required, Del., 241; Me., 292; Mass., 311; N. Y., 352; R. I., 388, 401; Wash., 425; territorial, Minn., Ariz., 30-31, 215
- Teachers' board, lawful expenditure, Conn., 171; Me., 171-172, 293; N. Y., 171; Table XXI, 173
- Teachers, colonial, 25, 26, 28
- Teachers' efficiency increased, 191
- Teachers' institutes permanent funds, N. H., 338
- Teachers must be certified and qualified to receive public moneys, 177, 178, 191; Cal., 225; Conn., 237; Fla., 246; Ill., 258; Ky., 277; Me., 292; Mich., 315; Minn., 320; Neb., 334; Nev., 337; N. Y., 360; Wash., 425; Wis., 433
- Teachers, number a basis for apportionment, Cal., 224; N. J., 344-345; N. Y., 358, 359
- Teachers' quota, N. Y., 359
- Teachers' training, 160; *see also* Institute Fund *under* Funds; Normal departments; Teachers' institutes
- Teachers' wages, colonial, 25, 26, 29; a lawful expenditure, Table XXI, 171-172, 173, 190-192; Ala., 212; Cal., 225; Conn., 171, 236; Del., 241; Ia., 270; Ind., 266; Ky., 277; Me., 171-172, 293; Md., 298; Mass., 193, 310; Mich., 193, 315; Minn., 320; Mo., 324; Miss., 328; Neb. 334; Nev., 337; N. Y., 171, 356, 359; N. Dak., 366; Utah, 407; Va., 422; W. Va., 428; increase; *see below*, Tables; paid from rate bills, *see* Rate bills; taxation for, 29-31, 160, 164; unconstitutional, 165; influenced by permanent common school funds, 171, 191, 192-193; Tables: XXIV, 192-193; XXIX, 440; XLIII, 449; XLIV, 451; XLVII, 455
- Tennessee  
free schools, indifference to, 163  
funds for schools  
Permanent School Fund, 9, 86-87, 110-111, 114, 144, 151, 163, 172, 394-399  
Surplus Revenue Fund, 78, 144, 145, 397  
grant, congressional land, quoted, 39  
lands devoted to schools: sixteenth section lands, 51, 53, 54, 110-111  
private schools supported, 163  
school legislation, ineffective, 163-164  
survey system, 110-111
- Term length: Conn., in 1700, 30; fixed for participation in school funds, 125, 176; Ark., 220; Cal., 176, 178, 225; Col., 227; Conn., 167, 176, 178, 237; Fla., 178, 245; Ia., 270; Kan., 176, 274; Ky., 178, 278; Me., 178, 292; Mass., 178; Mich., 125, 178, 315; Minn., 178, 320; Mo., 178, 324; Mont., 178, 331; Neb., 178, 334; Nev., 178, 337; N. J., 178, 345; N. Y., 176, 178, 360; Ore., 178, 382; Utah, 178; Va., 178; Vt., 410, 415; Wash., 178, 425; W. Va., 428; Wis., 433; Wyo., 178, 436; increased by permanent common school funds, 167, 176
- Territorial school fund, Ariz., *see under* Funds
- Texas  
County School Funds, 400-405  
Permanent School Funds, 11, 22, 115, 130, 143-144, 159, 400-405  
school lands: no federal, 56; state, title to, 56, 84, 85, 400-405  
state taxes, reserved as School Fund, 90
- Text-books, prescribed, Wash., 425; *see also* Books
- Theft of school funds, Mo., 323; *see also* Defalcation; Dishonesty; Embezzlement; Losses
- Thompson's Island, Mass., reserved for schools, 34



- Timber lands denuded, 140-141; Wis., 430, 431, 432
- Timber sales' proceeds added to principal, Me., 91, 285, 291; Minn., 319; Mont., 91, 330; Utah, 407; Wash., 424
- Title to lands uncertain, Ala., 132, 211; La., 132, 281; Miss., 132, 326; Tenn., 396; *see also* Ownership
- Titles of permanent funds changed, Del., 238; Fla., 243; N. H., 338; Ky., 276
- Titles, official, of permanent common school funds, 7-18; Table II, 10; Table XVI, 98-106; *see also* under Funds
- Toll rates increase common school fund, Nev., 90, 336
- Townships for universities, 46, 47, 50
- Transportation, a lawful expenditure, Me., 293; Mass., 310; Mont., 331
- Treasurer, state, relation to management of School Fund: Col., 227; Del., 240; Kan., 273; Me., 289, 294, 295; Mass., 308, 309; Minn., 319; Neb., 333; Nev., 337; N. J., 344; Ore., 382; R. I., 388; S. C., 390; Tenn., 399; Vt., 409, 415; W. Va., 428; Wis., 433; Wyo., 435
- Treasurer, township, manages funds: Ill., 257
- Treaty of Paris, land claims, 40
- Trent Grant, Ohio, 370
- Trespass moneys, increase principal: Mont., 330; Wash., 424
- Truancy laws, enforcement, 179; Mass., 311; N. Y., 360
- Truant officer's salary, Mass., 310
- Trustees of permanent school funds, Vt., 417, 419; *see also* Boards
- Tuition defined, Ind., 266; N. Dak., 365
- Tuition: rates in 17th century, 25; paid from permanent funds, Ia., 270; Me., 293; support schools, 300; *see also* Rate bills
- Tupper, Benjamin, and Ohio Company, 45
- Turnpike lands, Ohio, 370
- United States, *see also* Congressional; Federal
- United States Bank Tax, 287
- United States Military Reservation, *see* Military lands *under* Lands
- Unsold common school lands, area and value, Table VII, 20-21; unproductive, Ia., 268
- Uses, lawful, of permanent common school funds, Table, XXI, 173-174; 253, foot-note 122a; Ala., 212; Ark., 220; Cal., 225; Col., 227; Conn., 236; Del., 241; Fla., 245; Ga., 248; Id., 252-253; Ind., 266; Ia., 270; Kan., 274; Ky., 277; La., 282; Me., 292-293; Md., 298; Mass., 310; Mich., 315; Minn., 320; Miss., 328; Mo., 325; Mont., 331; Neb., 334; Nev., 337; N. H., 338, 341; N. J., 345; N. Y., 354, 356, 357, 359; N. C., 362, 364; N. Dak., 366; Ohio, 377; Ore., 382; R. I., 388; S. C., 389, 390; S. Dak., 393; Tenn., 399; Tex., 405; Utah, 407; Vt., 416, 419; Va., 422; Wash., 425; W. Va., 428; Wis., 433; Wyo., 430; classified, 171-173; aims, 189
- Utah  
rate bills, 27  
State School Fund, 6, 406-407  
School land grant, 407
- Valuation as basis of apportionment, Mass., N. Y., 184-185, 186-188, 309, 358-359
- Vandalia Railroad of Indiana, 264
- Vermont  
debts repudiated, 154  
funds for schools  
Common School Fund, 154, 159, 409-410, 415  
Huntington Fund, 411, 412, 413, 415, 417  
Permanent Public School Fund, 8, 408-409, 413, 415, 416, 417, 418, 419  
Spanish War Claims Fund, origin, 79-80, 412-413, 416  
Surplus Revenue Fund, 73, 78  
United States Deposit Fund, 410, 411, 413, 414, 415, 416, 418  
Maryland's resolutions endorsed, 55  
Rate bills, 27  
Special Commission, 169-170, 208  
Trustees of Permanent School Fund, 417, 419
- Virginia  
funds for schools  
Colonial permanent school funds, 33, 34  
Literary Fund, 148, 151, 159, 162, 199, 420-421, 422, 427  
Surplus Revenue Fund, 72, 78  
land claims in northwest, 40-43  
lands devoted to schools, 421  
Maryland's Resolutions endorsed, 55  
Military Reservation, 43, 52, 369, 370, 371, 372, 373  
rate bills abolished, Table, 27

- sale of western lands, 41
- Survey system in Military Reservation, 371
- Visitation, *see* Inspection
- Wages, *see* Teachers' wages
- War claims and taxes devoted to permanent school funds, Ky., Mass., S. C., Vt., 79-80, 89, 288, 305, 416
- War effects on funds, *see* Civil War
- War loans interest, Ind., 297
- War supplies, transportation, 60
- Warrants, state, investments, Neb., 332
- Washington
  - Common School Fund, 128, 182, 183, 423-425
  - constitutional provisions for school funds, 128, 424
  - school lands, 128, 423-424
- Water and fuel, lawful expenditure, Miss., 328
- Weathersfield, Conn., rate bills, 1658, 28
- Wells, O. E., Supt. Wis., quoted, 149
- West Virginia
  - free schools, 3
  - Irreducible Fund, *see* School Fund
  - School Fund, 12, 156, 159, 420, 421, 426-428
- Western lands, *see* Lands, federal; Northwest Territory
- Western Reserve, *see* Conn., Western Reserve
- Wild lands, Me., 290; N. H., 84, 85, 340-341
- Windsor, Conn., colonial school lands, 35
- Wisconsin
  - free schools, 3
  - Irreducible School Fund, *see* Wis., School Fund: cf. 429
  - School Fund, 8, 113, 123, 139, 141, 148-149, 151, 155-157, 159, 198, 429-433
  - school lands, 62, 63, 139, 141, 429-433
  - School Trust Fund, *see* Wis., School Fund, 429
- Wyoming
  - Common School Permanent Fund, 6, 22, 434-436
  - sixteenth and thirty-sixth section lands, 434-435
- Wyoming Valley, land reservation, 36, 229
- Year, school, *see* Term
- Zane's Grant, Ohio, 370
- Zulick, C. M., Gov., Ariz., on waste of school lands, 141

















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